

# REVIEW OF A GAO REPORT ON CENSUS BUREAU FINANCIAL MANAGEMENT

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Y 4.P 84/10:103-45

Review of a GAO Report on Census Bu...

HEARING

BEFORE THE

SUBCOMMITTEE ON CENSUS, STATISTICS AND  
POSTAL PERSONNEL

OF THE

COMMITTEE ON  
POST OFFICE AND CIVIL SERVICE  
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

JUNE 9, 1994

**Serial No. 103-45**

Printed for the use of the Committee on Post Office and Civil Service



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# CONTENTS

JUNE 9, 1994

Hearing held in Washington, DC, June 9, 1994 .....	Page 1
Statement of:	
Hunt, William M., Director, Federal Management Issues, General Government Division, U.S. General Accounting Office, accompanied by Bruce E. Johnson, Assistant Director, Information and Statistical Policy; and Jack Kaufman, Senior Evaluator .....	3
Jordan, Evelyn, president, AFGE Local 2782, Bureau of the Census .....	54
Scarr, Harry A., Acting Director, Bureau of the Census; and Thomas R. Bloom, Assistant Secretary for Administration and Chief Financial Officer, U.S. Department of Commerce .....	33
Prepared statements, letters, supplemental materials, et cetera:	
Bloom, Thomas R., Assistant Secretary for Administration and Chief Financial Officer, U.S. Department of Commerce, prepared statement of .....	40
Hunt, William M., Director, Federal Management Issues, General Government Division, U.S. General Accounting Office, prepared statement of .....	8
Jordan, Evelyn, president, AFGE Local 2782, Bureau of the Census, prepared statement of .....	55
Scarr, Harry A., Acting Director, Bureau of the Census:	
Prepared statement of .....	36
Response to written questions submitted by Hon. Thomas C. Sawyer .....	37

(III)



# REVIEW OF A GAO REPORT ON CENSUS BUREAU FINANCIAL MANAGEMENT

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THURSDAY, JUNE 9, 1994

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON CENSUS, STATISTICS  
AND POSTAL PERSONNEL,  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 1:06 p.m., in room 311, Cannon House Office Building, Hon. Thomas C. Sawyer (chairman of the subcommittee) presiding.

Members present: Representatives Sawyer, Wynn, and Petri.

Mr. SAWYER. The subcommittee will come to order.

We are here this afternoon to discuss the findings from the GAO review of the Bureau's financial operations. This is the first of a three-part effort to examine management and decisionmaking structure. The latter two portions of this effort will continue later on in the year.

As far as today's work goes, Congressman Petri and I asked GAO to undertake this work at the beginning of the year. We were concerned that the Bureau might not have as fully developed a system or set of practices as is necessary to manage the diversity of its many important programs. It is not, of course, to call into question the professional competence of those programs themselves or the people or the skills that they bring to the position, but rather trying to manage the myriad operations that are going on at the same time.

What really triggered our concern was the recovery of significant unspent funds 2 years in a row. From a distance it is probably true that anyone who was looking at the circumstances could conclude only that the Bureau just didn't have mechanisms in place to know how much money it really needed, how much it was spending, and specifically for what purpose; or, it was keeping aside dollars for a rainy day without letting either the Congress or the administration know.

It appears that the problem is largely a systemic one in nature. That is not to say that there is not a problem, but rather it is the kind of thing that can be solved with technical and human intervention. But the point is that the problem has to be fixed because the Bureau has important work to do now. The time line in the decennial process is at a critical juncture and it is important that Bureau be able to demonstrate that there isn't still a big pot of money

unspent waiting to be discovered out there. It is a question of credibility and it is a classic one within the legislative and appropriations processes.

But it is clear that decisive action is needed right now because 1995 is a key year. The tests of statistical and procedural innovations are critical to the success of 2000 and it is critical that the Congress have the kind of confidence needed to invest in those tools if 2000 is going to be what it really can be.

I can't let the opportunity go by without mentioning that I think part of the difficulty may have to do with the continuing lack of a Director. We decided to go ahead with GAO in the hopes that we would be able to present a new Director with recommendations upon which to act, and frankly I think all of us watching this are kind of at a loss to explain lack of visible progress toward that end.

We do have a recently confirmed Assistant Secretary here today and I think it is important to note the Commerce Department's interest in the topic of today's hearing. I am pleased also to welcome back Acting Director Harry A. Scarr, who continues to do an admirable job of moving the Bureau forward toward new frontiers.

I look forward to the testimony of each of our witnesses.

I understand Mr. Petri will not be able to stay for the entire period of the hearing, so let me turn to him now for an opening statement.

Mr. PETRI. Thank you, Mr. Chairman.

I would like to second your remarks particularly about filling these vacant slots. It makes it hard on the day-to-day level for staff here in the subcommittee and others who are trying to play out of the same book on most things, but to not have someone that they can look to for some guidance in the administration in some of these policymaking slots, we are forced to go ahead on our own and at the last minute we get a "Hey, wait a minute; what are you guys doing?" signal back. So it has consequences, and mistakes or misunderstandings compound because of a lack of someone to communicate with.

I would like to thank you for holding this hearing, and also the GAO for its work in this area. In an age when we increasingly rely on Census Bureau programs in formulating public policy, it is critical the Bureau act responsibly in managing its programs and its finances. By putting its budget house in order, the Bureau can restore its credibility and assure there will not continue to be significant unexpected recoveries made from leftover funds in the future.

As the GAO mentions in its prepared testimony, the Bureau does plan to elevate responsibility for financial management to the principal associate director level when it reorganizes later this month. That change should help.

But certainly essential to that endeavor is nomination and confirmation of a new Census Bureau Director and Commerce Department Under Secretary of Economic Affairs. I would like to express my deep concern about the administration's lack of attention to filling these important leadership positions. No reorganization can be complete until a new Census Bureau Director is in place.

I look forward to hearing about the Bureau's progress in this area.

Thank you, Mr. Chairman.



Mr. SAWYER. Our first panel is led by William M. Hunt, Director for GAO's General Government Division, Federal Management Issues.

Mr. Hunt, if you would identify your colleagues for the record, I am sure it will help.

**STATEMENT OF WILLIAM M. HUNT, DIRECTOR, FEDERAL MANAGEMENT ISSUES, GENERAL GOVERNMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY BRUCE E. JOHNSON, ASSISTANT DIRECTOR, INFORMATION AND STATISTICAL POLICY; AND JACK KAUFMAN, SENIOR EVALUATOR**

Mr. HUNT. Thank you, Mr. Chairman.

To my right is Bruce Johnson, Assistant Director responsible for information and statistical policy work, and to my left is Jack Kaufman, who is probably our foremost specialist on census issues. He has been working on these issues since the late 1970's. So it is very important every time I am here I have Jack Kaufman here because he is really the institutional knowledge and memory in the census area.

With your permission, I will summarize my statement and request that the full text of my written testimony be included in the hearing record.

Mr. SAWYER. Without objection.

Mr. HUNT. We are pleased to be here today to discuss two key management issues: the first dealing with the Bureau's recent actions to recover unliquidated obligations; that is, obligations incurred but not paid; the second in relation to the Bureau's impending reorganization.

Turning first to the recovery issue, as part of our work we reviewed the Bureau's procedures and practices for obligating and recovering funds. Specifically, we examined all recovered unliquidated obligations of more than \$200,000 that the Bureau made from August 1993 through January 1994. We also reviewed all of the Bureau's unliquidated obligations of more than \$100,000 as of January 31, 1994.

In fiscal years 1993 and 1994, the Bureau was faced with a total of \$74 million in congressional budget reductions. To supplement its budget and maintain its operations without reducing personnel, the Bureau initiated a major effort to recover no-year funds that were not needed to pay unliquidated obligations.

Recognizing the likelihood that the Bureau would be able to recover additional funds in fiscal year 1994 over and above what the Bureau had estimated in its formal budget submission, both the House and Senate Appropriations Committees encouraged the Bureau's effort. As a result of its review, the Bureau recovered \$52 million from unliquidated obligations that had built up primarily as a result of deficiencies in financial management.

The effect of these deficiencies caused the Bureau's budget submissions to Congress and to the Department of the Treasury to show a need for more appropriations than were actually required.

For example, in its fiscal year 1993 submission, the Bureau estimated it would use \$3.4 million in recovers to fund its programs but actually recovered \$22 million. In fiscal year 1994, the Bureau

estimated it would recover \$4 million, but as of March 31, 1994, had recovered about \$30 million.

Several of the Bureau's programs, such as the decennial census, require several years to complete. To pay for such programs, the Bureau receives appropriations known as no-year funds which, unlike salary and expense appropriations, are available for an indefinite period of time.

When no-year funds previously obligated for specific purposes are not spent, they can be deobligated or recovered and used for other related program activities in subsequent fiscal years. For example, in fiscal year 1994 the Bureau's total budget is \$238 million, of which \$110 million are no-year funds.

Federal internal control procedures require that unliquidated obligations be recovered as soon as it is evident that the funds are no longer needed for the activity for which they were obligated.

The Bureau's failure to periodically recover such unliquidated obligations distorts its request for funds and inhibits its budget preparation. In recent years, the Bureau has not followed Federal internal control procedures requiring recovery of funds. This allowed the Bureau to build up a substantial reserve of funds from prior years' unliquidated obligations.

Most of these funds were obligated for the 1990 decennial census and should have been recovered on a more timely basis. The Bureau allowed obligations for projects to remain unliquidated long after the projects were completed.

Let me share several examples which illustrate the problem.

In fiscal year 1984 the Bureau issued a contract for computer maintenance for which funds were obligated annually through fiscal year 1991 when total obligations amounted to \$33 million. The Bureau's Finance Division files indicated that the last payment for this contract was made in December 1991. No unliquidated obligations were recovered against this contract until fiscal year 1993, 2 years after contract completion, when the Bureau recovered obligations from 8 different years totaling \$2.7 million from initial obligations made as early as 1985.

In another case, from 1982 through 1990, the Bureau accumulated unliquidated obligations totaling between \$10 and \$11 million for potential unemployment compensation claims from temporary decennial census workers. Because of incomplete and conflicting Bureau records, we were unable to determine the precise amount of unemployment compensation. However, we do know that these unliquidated obligations included funds from both the 1980 and 1990 decennial censuses.

We also found when unemployment claims are received and paid, the Bureau was unable to match these claims to the original allocations, and as a consequence created new duplicative obligations.

As a result, the original \$10 to \$11 million in obligations remained on the books until August and December 1993 with some of the obligations dating back 11 years.

In a final example, in 1989 the Bureau obligated \$4.1 million to a vendor for eight printing projects. By 1990 the vendor had completed the printed materials for all eight projects at a cost of \$300,000. Despite the substantial difference between the estimated

and actual costs, no adjustments were made to the original obligations and the Bureau did not recover the \$3.8 million remaining from the original obligations until August 1993, about 3 years after the work was completed.

Looking towards the future, our work indicates that in the next few fiscal years, the Bureau will not have the same level of unliquidated obligations to recover as it did in fiscal 1993 and fiscal year 1994.

First, the Bureau's recovery of \$52 million so far in fiscal 1993 and 1994 appears to have significantly reduced the universe of potentially recoverable funds.

Second, in the next several fiscal years, the Bureau's no-year funding level will be substantially lower than it was during the peak years of the 1990 decennial census, and therefore the Bureau will be obligating fewer funds.

The Department of Commerce and the Bureau have taken steps to address some of the problems that led to the delays in recovering unliquidated obligations. For example, in January 1994 the Bureau initiated a system for periodically reviewing its unliquidated obligations.

To encourage more timely recovery of funds, the Bureau also revised its longstanding policy of allowing program officials to reallocate recovered funds.

This process has now been centralized, and senior Bureau management are responsible for deciding how the recovered funds will be reallocated. Although the Bureau instituted corrective actions to prevent the continued pattern of building reserves of unliquidated obligations, it needs to do considerably more to improve its overall financial management system.

Commerce is developing a new accounting system that Bureau officials hope will address its accounting deficiencies. Commerce plans a series of pilots to test its new system, and the Census Bureau has been selected to be one of the pilot agencies. The target date for full implementation of the new system is 1997.

In our review of the recovery of unliquidated obligations, we identified a number of deficiencies that reflect in our judgment an overall lack of emphasis on financial management and control at the Bureau.

The deficiencies we identified included inadequate recordkeeping, lack of effective internal controls, lack of communication between the finance, budget and program offices, and imprecise estimates of obligations, compounded by a lack of adjusted obligation estimates when warranted. These problems further reinforce and echo a longstanding GAO and Commerce IG concern about financial management at the Bureau.

Before the 1980 decennial census, we reported that the Bureau's budgets in some instances were based on inaccurate or inadequate data and its accounting records did not accurately reflect the planning costs for the census.

Our review of the Bureau's preparations for and the execution of the 1990 decennial census revealed inadequacies in the accounting system that made it difficult to determine the actual cost of decennial census activity.

The Commerce Department IG has also warned of weaknesses in the Bureau's accounting system including insufficient review of the status of obligations. As recent as February 1994, the inspector general noted major deficiencies in the Bureau's internal controls that precluded the Bureau from producing final reports that were auditable.

Let me now briefly turn to the Bureau's pending reorganization.

The reorganization is to take effect at the end of June 1994. It is designed to improve strategic planning and financial accounting and to prepare the Bureau for reengineering the way it does business.

The Bureau believes that the reorganization plan will enable it to better integrate its administrative and program areas by establishing two principal associate directors. One of the key responsibilities envisioned for these principal associate directors will be to end the longstanding fragmentation of organizational units. One associate will oversee administrative matters and serve as the chief financial officer.

*The other associate will oversee all demographic and economic programs.*

One of the most encouraging aspects of the reorganization is the increased emphasis it places on financial management which I have been discussing considerably here this afternoon.

In establishing the position of chief financial officer, the reorganization plan significantly elevates the level of responsibility for financial management. The organization also raises to a higher level the position of comptroller, which has responsibility for overseeing the Bureau's finance and budget activities. The comptroller's position was created in March 1992, but unfortunately, after 2 years, it remains unfilled.

Another important aspect of the planned reorganization is the creation of an Office of Planning and Organizational Development headed by an Associate Director. This will give the Bureau for the first time an office devoted specifically to strategic planning. This office will also be responsible for guiding the Bureau in its efforts to reengineer the way it does its business.

However, the reorganization should not be viewed as a substitute for leadership and effective management. Improving Bureau operations will also require filling the positions created by the reorganization with skilled managers.

The joint challenges of achieving the goals of the planned reorganization, including the needed improvement in financial management as well as the important efforts to reform the decennial census, are compounded by the continued lack of a confirmed and fully vested Census Bureau Director. We also note that the position of Commerce Secretary for Economic Affairs, to whom the Bureau Director reports, remains unfilled. Both of these positions have been vacant for a year and a half.

In closing, Mr. Chairman, the importance of sound management at the Bureau cannot be overemphasized. Sound financial management is essential to restore and maintain the Bureau's credibility. In our view, the Bureau needs to address its financial management problems promptly. It must demonstrate to Congress and to the public that it has gotten control of its finances, and has an effective

financial and accounting system in place to properly manage the additional hundreds of millions and billions of dollars that will be needed beginning in the late 1990's as 2000 census activities get under way.

This concludes my prepared statement, Mr. Chairman, and my colleagues and I will be pleased to answer any questions that you might have.

[The prepared statement of Mr. Hunt follows:]

PREPARED STATEMENT OF WILLIAM M. HUNT, DIRECTOR, FEDERAL MANAGEMENT  
ISSUES, GENERAL GOVERNMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE

Bureau of the Census:  
Management Issues Require Prompt Attention

Summary of Statement by  
William M. Hunt, Director  
Federal Management Issues  
General Government Division

In fiscal years 1993 and 1994, the Bureau of the Census was faced with a total of \$74 million in congressional budget reductions. To supplement its budget and maintain its operations without reducing personnel, the Bureau initiated a major effort to recover no-year funds that were no longer needed to pay unliquidated obligations. The Bureau was able to make up a sizable portion of the congressional budget reductions by recovering \$52 million from unliquidated obligations that had built up primarily as a result of deficiencies in financial management. The extent of unliquidated obligations, which the Bureau reported to be more than \$80 million at the beginning of fiscal year 1993, could indicate financial management problems. Over several years, these problems caused the Bureau's budget submissions to Congress and the Department of the Treasury to show a need for more appropriations than were actually required. Thus, congressional decisionmakers based decisions on incomplete information regarding the Bureau's actual budgetary position.

Although the Bureau has initiated some corrective actions to prevent the continued accumulation of unliquidated obligations, it needs to do more to improve its overall financial management system. A failure to do so could diminish the Bureau's credibility with Congress.

The Bureau plans a reorganization by the end of June 1994 to improve strategic planning and financial management practices and to prepare for reengineering the way the Bureau does business. An encouraging part of the Bureau's plan includes elevating the level of responsibility for financial management, which could begin to address the Bureau's financial management problems. To be successful, however, such a reorganized management structure requires that the position of the Bureau Director and the positions created by the reorganization be filled by skilled managers. Despite the efforts of the Acting Director, as long as the Bureau Director position remains vacant, the Census Bureau will be without fully vested and authoritative top level leadership. This problem is compounded by the vacancy in the Office of the Under Secretary for Economic Affairs in the Department of Commerce, to whom the Director reports.

Mr. Chairman, Mr. Petri, and Members of the Subcommittee:

We are pleased to be here today to discuss two key Census Bureau management issues of immediate concern to the Subcommittee. The first deals with the Bureau's recent efforts to recover unliquidated obligations (obligations incurred but not paid). The second relates to the Bureau's impending reorganization. Our statement is based on the preliminary results from our ongoing examination of management issues at the Bureau, which we initiated at your request.

As part of this work, we reviewed the Bureau's procedures and practices for obligating and recovering funds. Specifically, we examined all recovered unliquidated obligations of more than \$200,000 that the Bureau made from August 1993 through January 1994. We also reviewed all of the Bureau's unliquidated obligations of more than \$100,000 as of January 31, 1994. In addition, we reviewed the Bureau's plans for its reorganization and discussed its objectives with senior Bureau managers.

POOR FINANCIAL MANAGEMENT AND BUREAU OVERSIGHT  
RESULTED IN BUILD UP OF UNLIQUIDATED OBLIGATIONS

In fiscal years 1993 and 1994, the Bureau was faced with a total of \$74 million in congressional budget reductions. To supplement its budget and maintain its operations without reducing personnel, the Bureau initiated a major effort to recover no-year

funds that were no longer needed to pay unliquidated obligations. Recognizing the likelihood that the Bureau would be able to recover additional funds in fiscal year 1994, Congressional appropriators encouraged the Bureau's effort.<sup>1</sup> The Bureau was able to make up a sizable portion of the congressional budget reductions by recovering \$52 million from unliquidated obligations that had built up primarily as a result of deficiencies in financial management. The extent of unliquidated obligations, which the Bureau reported to be more than \$80 million at the beginning of fiscal year 1993, could indicate financial management problems. Over several years, these problems caused the Bureau's budget submissions to Congress and the Department of the Treasury to show a need for more appropriations than were actually required. Although the Bureau has initiated some corrective actions to prevent the continued pattern of building reserve funds of unliquidated obligations, it

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<sup>1</sup>The report of the House Committee on Appropriations states, "The budget request for the Periodic Censuses and Programs account assumes recoveries of prior year obligations totaling \$4,000,000; that amount is also assumed in the Committee's recommendation. The Committee is aware that, based on a recent review by the Department of Commerce Inspector General, additional prior year recoveries of \$10,000,000 or more could be identified. Should those deobligations actually become available, the Committee would consider the redistribution of those amounts to items not fully funded in the accompanying bill, subject to the Committee's reprogramming procedures included under section 605 of the accompanying bill." H.R. Rep. No. 103-157. 103d Cong., 1st Sess. (1993). The report of the Senate Committee on Appropriations states, "The Committee encourages the Bureau of the Census to continue its aggressive efforts to identify prior-year funding that could be deobligated to meet other fiscal year 1994 requirements." S. Rep. No. 103-105. 103d Cong., 1st Sess. (1993).



needs to do more to improve its overall financial management system. A failure to do so could diminish the Bureau's credibility with Congress.

Background on the Bureau's No-Year Funds and  
Financial Management Problems

Several of the Bureau's programs, such as the decennial census, require several years to complete. To pay for such programs, the Bureau receives appropriations for no-year funds, which are available for an indefinite period of time. In fiscal year 1994, the Bureau's budget was \$238 million--of which \$110 million were no-year funds.<sup>2</sup> If the Bureau does not need to spend all of its obligated no-year funds, the funds can be deobligated (recovered) and reobligated in current or subsequent fiscal years.

Recovering unliquidated obligations on a timely basis is required and should be a key function of the Bureau's management of no-year funds. According to federal internal control procedures, these unliquidated obligations should be recovered as soon as it is evident that the funds are no longer needed for the activity

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<sup>2</sup>The Bureau's level of no-year funding increases significantly during the period it conducts decennial census activities. For example, in fiscal year 1990, the Bureau's no-year funding level was \$1.4 billion.

for which they were obligated.<sup>3</sup> If the Bureau fails to periodically recover such unliquidated obligations, then it distorts its requests to Treasury for funds and inhibits its budget preparation.

The Bureau has a history of financial management problems. Before the 1980 Decennial Census, we reported that (1) the Bureau's budgets in some instances were based on inaccurate or inadequate data and (2) its accounting records did not accurately reflect the planning costs for the Census.<sup>4</sup> Our review of the Bureau's preparation for and the execution of the 1990 Decennial Census again revealed inadequacies in the Bureau's accounting system that made it difficult to determine the actual cost of decennial census activities. In 1992, we reported that such inadequacies could hamper the Bureau's planning for the 2000 Decennial Census.<sup>5</sup>

In 1987, the Inspector General of the Department of Commerce warned of weaknesses in the Bureau's accounting system, including

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<sup>3</sup>Title 7 of GAO's Policies and Procedures Manual for Guidance of Federal Agencies (Washington, D.C.: May 1993).

<sup>4</sup>Bureau of the Census' Procedures for the 1980 Decennial Census (GAO/GGD-79-7, Nov. 9, 1978).

<sup>5</sup>Decennial Census: 1990 Results Show Need For Fundamental Reform (GAO/GGD-92-94, June 9, 1992).

insufficient review of the status of obligations.<sup>6</sup> In 1990, the Inspector General again reported that the Bureau had not performed adequate verifications of the status of obligations.<sup>7</sup> In that report, the Inspector General recommended that the Bureau periodically verify the status of obligations and recover those funds that were no longer needed to pay unliquidated obligations or were not supported by adequate documentation. In February 1994, the Inspector General issued another report that noted major deficiencies in the Bureau's internal controls that precluded the Bureau from producing financial reports that were auditable.<sup>8</sup>

#### The Bureau's Build Up of Unliquidated Obligations

In recent years, the Bureau has not followed federal internal control procedures requiring timely recoveries of funds. This has allowed the Bureau to build up a substantial reserve of funds

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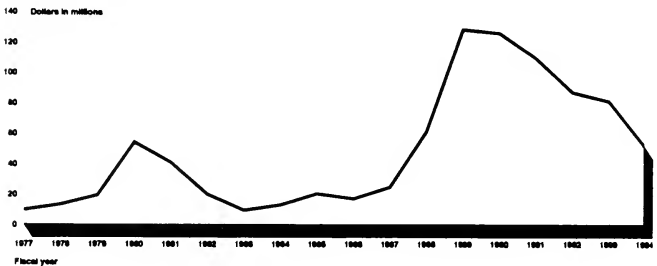
<sup>6</sup>Census Accounting System Is Operating Satisfactorily But A Few Improvements Are Needed, Bureau of the Census, Report No. 4-012-7-010, U.S. Department of Commerce, Office of Inspector General (Washington, D.C.: Sept. 1987).

<sup>7</sup>Improvements Needed Over the Control and Verification of the Census Bureau's Unliquidated Obligations, EAD-0250-0-0009, U.S. Department of Commerce, Office of Inspector General, Office of Audits (Washington, D.C.: Sept. 1990).

<sup>8</sup>Report on the Financial Statements Preparation and Auditing Survey of the Bureau of the Census, FSD-5536-4-0001. U.S. Department of Commerce, Office of Inspector General, Office of Audits, Financial Statements Division (Washington, D.C.: Feb. 1994).

from prior years' unliquidated obligations. When faced with \$74 million in funding cuts in fiscal years 1993 and 1994, the Bureau was able to supplement its budget by recovering about \$52 million from this reserve of funds. Most of these funds were obligated for the 1990 Decennial Census and should have been recovered on a more timely basis. Figure 1 shows the relationship of the build up of unliquidated obligations to the 10-year decennial census cycle.

Figure 1: Unliquidated Obligations at Start of Fiscal Years

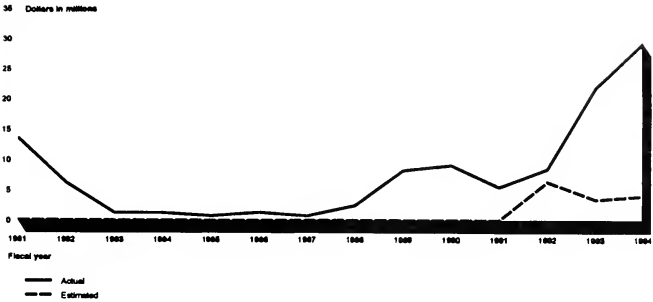


Note: We did not verify the accuracy of the Bureau's data on unliquidated obligations.

Source: Census Bureau.

Figure 2 shows how the pace at which the Bureau recovered unliquidated obligations after the 1990 Decennial Census lagged behind the pace at which it recovered unliquidated obligations after the 1980 Decennial Census.

Figure 2: Actual Versus Estimated Recovered Unliquidated Obligations



Note 1: Fiscal year 1994 reflects recovered unliquidated obligations through March 31, 1994.

Note 2: The Bureau did not estimate unliquidated obligations to be recovered in its budgets for fiscal years 1981 through 1991.

Note 3: We did not verify the accuracy of the Bureau's data on recovered unliquidated obligations.

Source: Census Bureau.

The Bureau allowed obligations for projects to remain unliquidated long after the projects were completed. The Bureau's handling of unliquidated obligations also exhibited other financial management deficiencies. For example, in fiscal year 1984, the Bureau began a contract for computer maintenance for which funds were obligated annually through fiscal year 1991 when total obligations amounted to \$33 million. The Bureau's Finance Division files indicated the last payment for this

contract took place in December 1991. No unliquidated obligations were recovered until fiscal year 1993 when the Bureau recovered such obligations from eight different years (each one was for more than \$200,000) totaling \$2.7 million from obligations made as early as 1985.

In April 1988, the Bureau obligated \$1.15 million for dedicated computer time from a university to support the 1990 Decennial Census. The Bureau made only one payment of \$250,000 to the university in August 1988. The agreement for this computer time was terminated in October 1988. However, the remaining \$900,000 was not recovered until December 1993.

From 1982 through 1990, the Bureau accumulated unliquidated obligations totaling between \$10 million and \$11 million for potential unemployment compensation claims, primarily from temporary decennial census workers. Because of incomplete and conflicting Bureau records, we were unable to determine the precise amount of unemployment compensation. In addition to the unliquidated obligations remaining from the 1980 Decennial Census, the Bureau obligated funds from 1986 through 1990 on the basis of estimates of projected unemployment compensation costs for the 1990 Decennial Census. The estimates were allocated to various divisions, projects, and years. When claims were received and paid, the Bureau was unable to match these claims to the allocations. The Bureau created new obligations that

duplicated the existing ones. As a result, the Bureau did not liquidate any of the original unemployment compensation obligations until August and December 1993. We believe that unless these unemployment compensation accounting problems are corrected, the Bureau will again face major financial management problems in keeping track of obligations and payments for unemployment compensation in the 2000 Decennial Census.

In 1989, the Bureau obligated \$4.1 million to a vendor for eight printing projects as a result of significantly overestimated costs. For one of these printing projects, the Bureau estimated that an employment form would cost \$313,000 to print, but the final cost was only \$77,278. By 1990, the vendor had completed the printed materials for all eight projects the Bureau had requested at a cost of only \$300,000. Despite substantial differences between the estimated and actual costs, no adjustments were made to the original obligations,<sup>9</sup> and the Bureau did not recover the \$3.8 million remaining from the original obligations until August 1993.

In our review of these and other recovered unliquidated obligations, we identified several financial management deficiencies at the Bureau that were allowed to happen by an

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<sup>9</sup>As provided in Title 7 of GAO's Policies and Procedures Manual for Guidance of Federal Agencies, appropriate adjustments should be made to estimated obligations when the actual amount of the obligation becomes known.

overall lack of emphasis on financial management and control. These deficiencies included inadequate recordkeeping; lack of effective internal controls; lack of communication between the finance, budget, and program offices; and imprecise estimates of obligations compounded by a lack of adjusted obligation estimates when warranted.

The accumulation of unliquidated obligations caused the Bureau's budget documents to show a need for more appropriations than were actually required. For example, in its fiscal year 1993 submission, the Bureau estimated it would use \$3.4 million in recoveries to fund its programs but actually recovered \$22 million. In fiscal year 1994, the Bureau estimated it would recover \$4 million but as of March 31, 1994, had recovered about \$30 million. (See fig. 2.) Thus, congressional decisionmakers based decisions on incomplete information regarding the Bureau's actual budgetary position.

#### Fewer Recovered Unliquidated Obligations

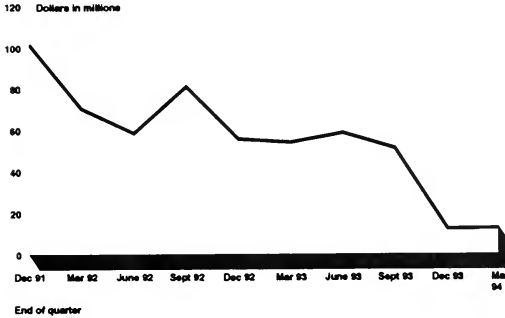
#### Expected in Near Future

Our work indicates that in the next few fiscal years the Bureau will not have sufficient unliquidated obligations of the same magnitude to recover as many funds as it did in fiscal years 1993 and 1994. The reasons for this are clear. First, most of the \$52 million the Bureau recovered in those fiscal years were funds



obligated for 1990 Decennial Census activities. Because the Bureau has already recovered large amounts of unliquidated obligations, fewer older unliquidated obligations remain unliquidated, as of March 31, 1994. (See fig. 3.)

Figure 3: Unliquidated Obligations at End of Quarters for Fiscal Years 1992 Through 1994



Note: We did not verify the accuracy of the Bureau's data on unliquidated obligations.

Source: Census Bureau.

Second, in fiscal year 1995, the Bureau's no-year funding level should be substantially lower than it was during the peak of the 1990 Decennial Census, and therefore the Bureau will be obligating fewer funds.

The Bureau nevertheless should continue making some recoveries in the next few fiscal years. In our review of current unliquidated obligations as of January 31, 1994, we found that some of them could be recovered. However, the amounts of these unliquidated obligations are relatively small compared to those that have already been recovered in 1993. In its fiscal year 1995 budget submission, the Bureau estimated that it will recover \$2.8 million. However, as the Bureau prepares for the 2000 Decennial Census, we anticipate its funding levels and the amount of obligations will increase dramatically to more than a billion dollars by 2000. If the Bureau's financial management problems are not solved by then, the increase in future funding could lead to another build up of unliquidated obligations that could be recovered.

#### Actions to Address Recovery Delays

The Department of Commerce and the Bureau have taken steps to address some of the problems that led to delays in recovering unliquidated obligations. For example, in January 1994, the Bureau initiated a system for periodically reviewing unliquidated obligations. To encourage recovering unliquidated obligations in a more timely manner, the Bureau also revised its longstanding policy of allowing program officials to allocate recovered funds that were no longer needed to pay unliquidated obligations. Now

senior Bureau management decides how the recovered funds will be reallocated.

Proper management of obligations is also dependent on accounting systems that contain sufficient discipline, effective controls, and reliable information. However, the 1994 report of the Inspector General said that the Bureau's accounting systems had major deficiencies. Commerce is developing a new accounting system that Bureau officials hope will address its accounting deficiencies, but Commerce does not expect to begin implementing this system until 1997. In addition, the Bureau's impending reorganization emphasizes the importance of financial management.

#### BUREAU'S REORGANIZATION DESIGNED TO IMPROVE OPERATIONS

By the end of June 1994, the Bureau plans to change its organizational structure. The reorganization is designed to improve strategic planning and financial accounting and to prepare the Bureau for reengineering the way it does business. The reorganization has worthy objectives for improving the Bureau's operations.

The Bureau plans to better integrate its administrative and program areas by establishing two principal associate directors. One is to oversee administrative matters and serve as Chief Financial Officer. The other is to oversee all demographic and

economic programs. Currently, the Bureau has seven associate directors who are to report directly to the Director. Under the reorganization, two of the current associate directors responsible for management functions, a Comptroller, and a new Associate Director for Planning and Organizational Development, are to report to the Principal Associate Director/Chief Financial Officer. Five of the current associate directors responsible for the Bureau's various programs are to report to the Principal Associate Director for Programs.

The Acting Director said that one of the key responsibilities of these principal associate directors will be to end the longstanding fragmentation of organizational units. Each of these units now operates independently of the others, which limits the sharing of information and expertise across organizational lines. Therefore, one of the primary responsibilities of the principal associate directors should be to promote coordination and cooperation within and between their respective functional areas.

In view of the Bureau's history of financial problems, one of the most encouraging aspects of the reorganization is the increased emphasis it places on financial management. For example, in establishing the position of Chief Financial Officer, the reorganization elevates the level of responsibility for financial management. The reorganization also raises to a higher level in

the Bureau the position of Comptroller, responsible for overseeing the Bureau's finance and budget activities. This position was created in March 1992 but has not been filled.<sup>10</sup>

Another important aspect of the reorganization is the creation of an Office of Planning and Organizational Development headed by an associate director. This will give the Bureau for the first time an office devoted specifically to strategic planning. This office will also be responsible for guiding the Bureau in its efforts to reengineer the way it does business. Creating this office is consistent with the administration's goals of moving federal agencies toward improved strategic planning and building a smaller, more efficient government to accommodate anticipated budgetary constraints.

However, the reorganization should not be viewed as a substitute for leadership and effective management. Improving the Bureau's operations will also require filling the positions created by the reorganization with skilled managers. To evaluate the Bureau's progress toward achieving the goals of the reorganization, Bureau managers and Congress will need outcome measures as specified in the Government Performance and Results Act of 1993.

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<sup>10</sup>The position of Director for Budget and Finance Division was approved by the Department of Commerce on March 2, 1992, and was retitled Comptroller on December 23, 1992.

The challenge of achieving the goals of the reorganization, including the improvement of financial management, is compounded by the continued lack of a nominated and confirmed Director of the Census Bureau. We also should note that the position of Commerce Under Secretary for Economic Affairs, to whom the Bureau Director reports, is not filled. Both of these positions have been unfilled for a year and a half. The fundamental changes contained in the reorganization as well as the reform of the decennial census require that the position of the Bureau Director be filled. Despite the efforts of the Acting Director, as long as the position of Bureau Director remains vacant, the Census Bureau will be without fully vested and authoritative top-level leadership. This problem is compounded by the vacancy in the Under Secretary's office.

#### CONCLUSIONS

The importance of sound management at the Bureau cannot be overemphasized. The Bureau needs to address its financial management problems promptly. Sound financial management is essential to maintain the Bureau's credibility with Congress so that it can obtain the funds it needs to plan for the mammoth task of reforming and conducting the 2000 Decennial Census. The Bureau intends to address other management issues by its reorganization, but the success of the reorganization in achieving specific measurable results remains to be seen.

This concludes our prepared statement, Mr. Chairman. My colleagues and I would be pleased to answer any questions.

(243051)

Mr. SAWYER. Thank you very much.

Let me note the presence of our colleague from Maryland, Mr. Wynn. I understand you want to withhold any opening statement at this point.

Mr. WYNN. Yes, Mr. Chairman.

Mr. SAWYER. Let me go directly to some of the questions that I have.

Does the problem with unobligated funds have anything to do with the authority to gather information from throughout the Bureau? What vehicle does the financial office have to require information from other parts of the agency?

Mr. HUNT. One of the biggest problems I think that the Bureau has to face is they have much difficulty in doing cost estimating. I think that is, in part, one of the major effects of their failure to have good cost accounting. Those things work hand in glove. If you have good cost accounting and reliable data and sufficient internal controls to verify the accuracy of the data, that contributes mightily to helping organizations do a better job of planning and estimating.

There has been a series of, I think, miscommunications, a lack of effective communication between the finance operations and the program offices, in part because I think the finance offices just haven't had the firepower and level of financial expertise that they need. They have not had the supporting systems, et cetera. I think those failures in a sense, by default, constrain their effective oversight in working with the programs.

Mr. SAWYER. You talk about firepower and technical expertise; is this a technological problem or human one? Is it having the right accounting mechanisms in place or is it having the right accountant?

Mr. HUNT. I think it is a little bit of both. One of the major problems I see and one of the things I think needs to be done by the Bureau with the support of the Department of Commerce is they need a top-notch financial management team in place. Under the new reorganization plan, they have this new Principal Associate Director who will serve as the overall Director for Administration and chief financial officer. They have elevated the position of the Comptroller, which will have responsibilities to oversee both budget and finance, and they have the Assistant Comptroller position for finance which is also vacant. So what we have in the chain of command, we have all three of those key jobs vacant.

On the other hand, on the systems side they need to make sure that they need better internal controls to ensure the data they are gathering are in fact accurate. They need to do a much better job of identifying and aligning their costs with their operations.

So I think it is many things. There is no single thing. I think they really need—and this was talked about in our review and examination—they need an action plan, I think. And from our work so far we have not detected a lot of real involvement.

Jack can chime in if I am not being quite accurate, but I have not seen a lot of focus by the Department of Commerce in some of these areas.

I have had the good fortune in the last couple months to work with the new Assistant Secretary of Commerce for Administration



and also the chief financial officer who will appear later this afternoon, Tom Bloom. We have had a number of good discussions about the issues, and I have a strong feeling he definitely understands those issues and I think he is committed to marshaling the resources and capacities of the Department to get in there and work with the Bureau and help get this situation corrected.

My major concern is that this problem isn't solved for the long term. We were saying that it doesn't look like the unliquidated obligations issues will be a problem in the next year or so. That is only because the universe is substantially reduced. But if things are not materially changed, I think there is every possibility you can get right back into that position later in the decade, as additional funds are made and contracts let, as you build up to the 2000 census.

Mr. SAWYER. This year's budget request is predicated on a number of \$2.7 million for unliquidated obligated funds. Is that an accurate statement?

Mr. HUNT. I think the short answer is no.

I would like to say I don't think I would want to bet the mortgage on it, one way or the other, actually. But I think experience has clearly shown over the last 3 years where the Bureau has been projecting what they thought would be available recoveries, that in all cases the recoveries are substantially more. So I think their estimating procedures are not as sharp as they should be.

But on the other hand, I have to admit that we don't expect, based on the work that we have been able to do so far; we don't expect to see over the next year or two the recoveries in the range of \$20 or \$30 million that we faced in the last couple of years.

But I want to reiterate again that the actions the Bureau has taken so far are good, short-term efforts that have helped; but they are not going to solve the problem. Many more things need to be done. You can have the problem repeat itself later.

Mr. SAWYER. I want to give Dr. Scarr the chance to respond in his testimony and I also want to give you the chance to speak to some of his assertions.

In his written testimony he has suggested that the problem of untimely recovery is now resolved. Is it your case that it is resolved because the opportunity is diminished as opposed to there being a systemic solution to this?

Let me at the same time ask another question. If in fact the problem is not resolved and it is more systemically a management problem, are there other places that we should look than the unobligated recoveries for evidence of this kind of problem in the future?

Mr. HUNT. I guess I would agree in part with what Dr. Scarr has said. I have a lot of personal respect and admiration for Dr. Scarr.

Mr. SAWYER. This doesn't have anything to do with personalities.

Mr. HUNT. I think he is doing marvelously at it given the circumstances. So I will give him credit in the sense of what they have been able to do in the short term. I think it has helped, definitely helped. But I don't think that in and of itself their actions will address the long-term problems, the things that really need to be done.

I think the problems we are finding with unliquidated obligations are simply symptomatic of a much broader and pervasive weakness

in the financial management—cost accounting and cost estimating operations—in the Bureau. I think they will really need improvements. As I said several times in the statement, I think they need—the first order of business—is to get a qualified, first-rate team of financial managers in place to direct their efforts.

I think the problem with unemployment compensation over the years provides a good case study of some of the challenges that are facing the Bureau and some of the other opportunities that are available for improvement.

I would like to ask Jack, who as I said has worked on census issues for several decades now, and is also an accountant and has been following much of this work, if he can elaborate a bit more on this.

Mr. KAUFMAN. Thank you.

Mr. SAWYER. Excuse me, Mr. Wynn.

Mr. WYNN. Thank you, Mr. Chairman. I wonder before he goes if I can ask a specific question.

Mr. SAWYER. I think he has just handed off for a moment, and then I will yield to you in just a moment.

Mr. WYNN. Fine.

Mr. KAUFMAN. One of the problems we saw in examining the cases is the estimating of the amounts needed for obligation.

The General Accounting Office has taken the position that when you don't have a documented basis for obligations, you should as quickly as possible refine that amount so you can put a realistic number into the obligation file. That is one of the Bureau's problems.

I think the routine review of the unliquidated obligations, initiated in January, is a very good step. But I think the basic step is determining the basic estimate for the obligation in the first place.

In addition to the budgetary problems, there is a litany of problems in the Bureau's financial management that we noticed over the years with the Bureau's cost accounting including the commingling of expenses of operations, the inclusions in their overhead account which they refer to as the Inter-Fund and the application of the ADP costs to the proper projects. There are a number of ways that their costs were improperly shown, and that is very important because when you are preparing a budget you want to have cost-based budgeting. You want to have a good basis to estimate your costs for operations and for programs.

So I think besides the budgetary problems and the obligation issue, cost accounting is something the Bureau definitely has to concentrate on, particularly for the 1995 test, to have a sound basis for estimating for 2000.

Mr. SAWYER. Thank you.

Mr. Wynn.

Mr. WYNN. Thank you, Mr. Chairman.

Mr. Hunt, I have a couple of questions I wanted to pursue. First of all, I believe you indicated that part of the problem was there was no Director. Do you have any information as to when a Director will be put in place?

Mr. HUNT. I ask everybody I know that question every day and I came in here today and two people asked me if I knew. The answer is no. I have no idea.

Mr. WYNN. It is duly noted that that is a significant part of the problem.

The second question is, you cited a litany of internal accounting deficiencies, and your response, the proposed response is creation of two new Associate Directors. I am not sure why additional positions is the answer to what appears to be the failure of people to do their jobs.

What is the Comptroller doing that he cannot handle these positions, and why do we have to create another position to whom the comptroller responds? It is my understanding the Comptroller should be the chief financial officer and be responsible for all these matters. You are saying we need another layer of bureaucracy, if you will, to deal with this.

Could you respond to that?

Mr. HUNT. I would first say that GAO as a rule, is not in the game looking for more layering. That is not what I am trying to say here.

First of all, in terms of the Comptroller's position, that position was created in 1992. I mentioned in my statement that it has never been filled. That job remains vacant. It has never been filled.

Mr. WYNN. So we will have a Comptroller, and a Comptroller and principal associate some day?

Mr. HUNT. The Comptroller will have responsibility on a day-to-day basis to oversee the work of both the finance office and the budget office, which I think would be a very, very important outcome and something I think would help improve the overall financial management of the Bureau. That person is looking at those two units on a day-to-day basis.

The CFO position would be in a position of principal Associate Director for Administration. He or she would have the administrative responsibility for all administrative functions and activities of the Bureau, but also would be the focal point, the ultimate focal point in the Bureau for financial management issues.

I think given the situation over there for many years that that level of support, concentration and top management focus is really needed to get the situation under control and restore confidence both here in the Congress and in the public in general in the Bureau's ability to manage its finances.

In recent years, as you have been aware, there have been a lot of questions about that. I think they need to get in there and straighten it out especially, Mr. Wynn, with hundreds of millions of dollars, actually billions of dollars that are going to be funneling through that Bureau beginning later in this decade through the 2000 census cycle.

Mr. WYNN. It would appear it would be more helpful to put a Comptroller in place to see if he can address these problems before we lock in a proposal to create another bureaucratic position. The problem may be the absence of the Comptroller to adequately address the recordkeeping and finance controls and all that, and perhaps after we see if that works, maybe we should see—I have hesitancy, as you can see.

Mr. HUNT. I just would say that we think it is encouraging to see that in this new reorganization they are focusing on financial

management issues. I think the issue of whether you have a Comptroller and CFO is an issue that we would have to see how the Commerce Department and Bureau of the Census would like to address that.

Mr. WYNN. Second you stated was a short-term orientation to addressing the problems. Why is that the approach being used, and not a more comprehensive long-term approach? Since we are, I believe, serious about reinventing Government, I thought we were moving away from the shortsighted problem solving to a more long-term approach.

Mr. HUNT. Well, not being part of their inner circle in terms of decisions they make in the Bureau and the Commerce Department, I can only speculate why I think they did that.

They had some real serious concerns in this budget cycle up here in the Appropriations Committees. This is the second year running. Remember I mentioned that the Congress over the last 2 years cut the Census Bureau budget by \$74 million and in 1993 they estimated they would have \$3.4 million in recoveries and they ended up with \$22 million. In 1994 they estimated that they would have \$4 million in recoveries and they ended up with—so far, there may be more—they ended up with \$30 million. The net offset of that is a \$45 million mistake that they underestimated the amount of money they would have by \$45 million.

There are some people—I am just speculating, this is more my perspective certainly, not the GAO point of view, it is just observation—there are some people who think, well, this was a calculated effort and this was a way of finding the money—

Mr. WYNN. Rainy day fund.

Mr. HUNT. Yes, but I think what the Bureau was really trying to do here is they recognized the dilemma they were in and I think they acted in good faith, trying to identify a set of procedures that they could do within a reasonable period of time given the problems they faced. And like I said, I give them credit for at least starting that.

But I also say, Mr. Wynn, that this approach is nowhere near the answer. Their problem is not resolved. It is sort of a band-aid approach. It has been useful for what it has been, but it is not the final solution.

Mr. WYNN. I appreciate your remarks. My thought would be, why don't we call it what it is, an attempt to correct some internal problems and have people perform their jobs properly rather than a reorganization, because in the context of a reorganization it suggests a broader or long-term approach.

Mr. HUNT. Can I add something? I think their reorganization is much broader than just the financial area. The financial is just a part of it.

Mr. WYNN. Let me ask a final question. Unfortunately, I will not be able to stay. But a concern has been expressed by the unions that there is an absence of partnership out at Census and that they have not actually been involved beyond the initial level of input, not in the more detailed planning.

They have outlined in their testimony several concerns that on the face of it seem legitimate. They draw a comparison between the

partnership that existed at Labor with Secretary Reich and action of a similar partnership at Census.

What is your view on that? Do you in fact believe the employees as represented by the unions have been adequately involved?

Mr. HUNT. I have to admit to you, Mr. Wynn, we have not looked at that question. That was not part of the scope of the work that we did.

I understand, and I have just recently seen the organization statement, so I just had a chance to read through it once. So we have not had the chance to go through it in any detail. Certainly we didn't examine union participation as an issue, as I said.

But it seems to me it flows out of the President's Executive order, I believe. I can't remember when—I think last fall—it was one of the byproducts of the Vice President's National Performance Review effort. Many of us have been reading about these various enterprises throughout the Government and some are working very, very well. But I think the key is, the solution is that management and the employee organizations have to come together, work together and try to build some consensus on a range of efforts, a range of joint projects that they want to work on.

So I think that makes an awful lot of sense, a lot of sense, and you are seeing it not just in Government, you are seeing it in the private sector these days, more and more of those kinds of efforts. As an individual—again, not as GAO—I would certainly encourage those kinds of efforts.

But I must say we have not looked at it. I have no way to comment on how well that has worked up to this point.

Mr. WYNN. But you are committed to that approach?

Mr. HUNT. As an individual I think it makes an awful lot of sense. I think you are finding it in the private sector rather substantially, and I think you are seeing it more and more in the public sector as well, and at the State and local level too. Now under the current Executive order, that is what the President has asked all agencies to do. We have read some reasonably good success stories—at least they appear to be from what we have read in the newspapers—but we have not done an independent audit on that.

Mr. WYNN. Thank you very much. I hope that situation improves in terms of employee involvement out at Census.

Thank you for your indulgence, Mr. Chairman. I know I went a little longer than I should have.

Mr. SAWYER. Mr. Wynn, as long as you ask questions with that type of insight, we are happy to have you.

Let me ask a followup question. It goes to the sense of whether there is a concurrent need for both the kind of shorter term hands-on management control that a Comptroller brings to a financial situation and the longer term planning that financial leadership could bring. One of my concerns has been that the kind of planning for the future that the Bureau needs to engage in may not be any longer compatible with the traditional 10-year planning horizon. We have difficulty in extending ourselves beyond the execution of the subsequent census in terms of planning, testing and preparing for the future that maybe substantially different from the past

where previous techniques have worked well. We also may not be anticipating funding needs sufficiently.

It seems to me that one of the critical focuses that a financial manager could bring is to extend that horizon in dollar terms. It is frankly the arena in which, however ably the acting leadership of the Bureau may be conducting itself, that kind of policy imperative that reaches beyond the traditional horizon may express its greatest need.

Could you comment on those observations for me?

Mr. HUNT. I would agree with them all. I think that for a long time I have believed and advocated that. As you know, we were calling for the need for census reform in 1988 before the 1990 census was even done, based on the work we did, and I think we feel strongly that way still.

The solutions, though, are not short-term. None of the solutions is short-term. We can do things in the short run that are practical, useful and appropriate things to do. But the real fixes require long-term vision, as you were suggesting.

And I think in terms of reforming the census we have to look much broader ultimately. I am not so sure—I am less sure right now—that that will happen in this current cycle. I am hopeful that as the 1990 census tests progress that we possibly will see major reform efforts for the 2000 census. But I have always believed the 2000 census itself may well be a transitional census, because I think we need to think about reform in terms of the total information and statistical policy system that we have out there.

You mentioned the need to do a better job of projecting costs, et cetera. I think that is very important. Look at what happened in the last two censuses. For example, as late as the late 1970's, the data we were hearing was that the census for 1980 would cost a half billion dollars, but it turned out to be \$1.1 billion, better than twice what we were being told at the time. A similar situation developed again for 1990's cycle. The estimate in the late 1980's was that it would cost \$1.8 billion. It turned out to cost at least \$2.6 billion. And I must admit to you, sir, there are some folks out there who think it cost more than that, but I think people have settled now on the \$2.6 billion estimate.

I think you have to think big picture. You have to think corporately.

One of the things I am particularly encouraged about in terms of the reorganization proposal is that there is a need for this strategic planning operation. It is really needed at the Bureau to develop a corporate vision for the Bureau that cuts across the programs and the stovepipes there that frequently isolate various programs. There is not enough, you know, working together. There is a lot of duplication.

I would argue, Mr. Chairman, that the same thing needs to be done at the national level. As a country we face severe budget problems—and they will be with us, it appears, for the foreseeable future. Yet, we are in an information age. Information is currency, vital to us in every sphere of our lives, domestic and in the competitive, overseas world markets.

So we have to get good and better data. The way to do that in an environment where some of our measures are not very sharp or

precise and where we can't get more money, is that we have got to rethink our priorities. Are we getting the best return on the current investments in these areas given the problems that we face?

There are 70-some agencies involved in statistical information efforts. There is a lot of money out there. But no one is looking at it from the corporate perspective at all.

I am not trying to centralize everything by any stretch of the imagination. But I think policymakers in the administration, certainly here in the Congress, know what we need to do in economic statistics. We know a lot of problems exist with those statistics; a lot of ideas exist about what needs to be done. But not a lot of new money is available to do these things. So we may have to start making real tough priority decisions.

Mr. SAWYER. Thank you very much for your testimony today. We may have other questions. If you could answer in writing for us, that would be helpful.

Mr. HUNT. Thank you.

Mr. SAWYER. Let me make an observation between this panel and our second panel. I have the sense that while we may talk about reform per se, it sounds often to me like something that has a beginning and end and when it is over, it is fixed. I am not sure in this area that that is necessarily the case.

The Bureau itself may be in a condition of evolution that is almost as continuous, as compelling and demanding as the world it is trying to measure. The comments that you made with regard to this larger corporate imperative really comes home to roost because, unless there is a major restructuring across Federal statistical systems generally, the Bureau will be the baseline from which the measurements are drawn.

So making sure we get that right is of critical importance and small investments here buy great dividends down the road.

Mr. HUNT. Absolutely. The Bureau is the centerpiece for most of this effort and it is an evolutionary process.

Mr. SAWYER. Thank you.

Let me welcome our second panel, Thomas R. Bloom, Assistant Secretary for Administration and chief financial officer, U.S. Department of Commerce; and Dr. Harry A. Scarr, Acting director, Bureau of the Census.

Welcome to both of you.

Dr. Scarr, welcome back again and, Secretary Bloom, it is a genuine pleasure to see you here today.

Gentlemen, if you would proceed as you will. Your comments, like those of all the witnesses, will be part of the record in their entirety, and you should feel free to focus and summarize them as they serve your purpose.

**STATEMENTS OF HARRY A. SCARR, ACTING DIRECTOR, BUREAU OF THE CENSUS; AND THOMAS R. BLOOM, ASSISTANT SECRETARY FOR ADMINISTRATION AND CHIEF FINANCIAL OFFICER, U.S. DEPARTMENT OF COMMERCE**

Mr. SCARR. Thank you, Mr. Chairman.

I am pleased to appear before you today to discuss the financial management improvements we are making at the Census Bureau

as well as the senior management reorganization that will both improve financial management and implement changes to improve strategic planning and data dissemination.

Let me briefly summarize later other key features of the reorganization. Let me begin by discussing our financial management improvements.

First, we have essentially completed the 2-year effort to correct our financial accounts by liquidating funds that had been obligated in previous years but no longer are needed for the specific activities for which they were originally obligated.

During the period from October 1992 to December 1993, the Bureau identified and liquidated \$48 million worth of periodic census and program funds that represented over 9,000 separate transactions. That work is now completed.

Second, as Mr. Hunt indicated, last January I directed Census Bureau division chiefs to conduct quarterly reviews of unliquidated obligations to free up unobligated funds or to verify that the funds were still needed for the original purposes. This sound practice will ensure that prior-year obligations we carry on the books are valid.

What we found during our review is that some prior-year obligations could have been recovered sooner. Now with these new procedures, I am confident that we will remain more current in this activity and that issue is now resolved.

Third, the Census Bureau automated accounting system initially designed in the late 1950's as a punch card system requires extensive human intervention to produce accounting reports. Thus, these reports have not been as timely or useful as we would like.

The procurement of a new accounting system is under way for the Bureau and the entire Department of Commerce, and we hope to have this system operating at the Bureau in fiscal year 1997. The Bureau has volunteered to be a pilot agency for the implementation of that new system.

The Bureau has devoted a significant investment in staff time to this effort to assure we are well prepared to obtain maximum financial management improvements. Having in place a modern accounting system prior to the 2000 decennial census is the best way to assure timely and accurate accounting and reports for Census Bureau management and congressional decisions.

Fourth, the recent reorganization of the Census Bureau senior management will greatly enhance the management structure of the agency. The reorganization creates a chief financial officer with the rank of principal associate director who has reporting to him or her the comptroller and associate directors for information technology, administration, and planning and organization development.

The chief financial officer will have sufficient resources to deal with any possible problem of inadequate accountability particularly in the area of financial management.

He or she will be responsible for implementing the Chief Financial Officers Act, the Federal Managers Financial Integrity Act, and Government Performance and Results Act, and will also be responsible for preparing audited financial statements and performance measures for all Census Bureau activities. This is both a short- and a long-run solution to some of our problems.



The reorganization also moves the Office of the Comptroller to an organizational level equivalent to that of Census Bureau Associate Directors. This change will facilitate the creation and implementation of a sound financial management system, and emphasizes the importance of this function.

The reorganization also establishes the position of Associate Director for Planning and Organizational Development who will be responsible for agencywide strategic planning.

Both the enhanced level in the organization of the Office of the Comptroller, and the establishment of a planning office at the associate director level reflect moves of the kind we have been encouraged to undertake over the years by the Commerce Department's inspector general as steps to improve control of the agency.

Mr. Chairman, I believe the strengthening of our financial management structure, which is part of our reorganization, in conjunction with the extensive deobligation efforts we have completed, the implementation of quarterly reviews and the implementation of an automated financial management system, will help prevent the kinds of problems we had with the liquidation and recovery of so many prior-year obligations all at one time.

Now I will briefly summarize the other features of the Census Bureau senior management reorganization.

The Bureau appreciates greatly this subcommittee's interest in the development of the reorganization which was put in place in part in response to the concerns you expressed when I first appeared before you at a hearing and of which we have kept your staff apprised as it progressed. I remember the injunctions.

The Department of Commerce approved the reorganization on May 23, and we will implement the changes on June 26, 1994. The key purposes and features of the reorganization, in addition to strengthening financial management, are, first, to lay the groundwork for reengineering the way the Census Bureau conducts its business; to increase the accuracy and timeliness of its statistical products; to implement the reform implied by the administration's commitment to better dissemination of Census Bureau products; to establish the Principal Associate Director and chief financial officer, as I mentioned earlier; to ensure adequate accountability in the area of financial management, and to prepare audited financial statements and performance measures for all Census Bureau activities; to establish an Associate Director for Planning and Organization Development responsible for strategic planning; to institute agency-wide reform; to work towards overall agency goals to bring about that reform, and to assure realization of those goals.

This will correct the material weakness related to the lack of centralized policy and planning element at the Census Bureau which was identified by the department's inspector general.

The Associate Director for Planning and Organization Development will have the responsibility of reengineering the Census Bureau collection and processing procedures and ensuring the reengineered dissemination procedures.

Finally, to establish the position of Principal Associate Director for Programs who will have reporting to him or her the Associate Director for decennial census demographic programs, field operations and statistical design methodology and standards. This will

assure the application of technical standards across the substantive programs of the Census Bureau, improve the way in which Bureau programs utilize scarce resources, coordinate the implementation of such standards and assure the coordination of demographic and decennial program innovations related to the 2000 census.

The proposed reorganization has no adverse effects on employees. No personnel will lose jobs as a result of the reorganization and virtually all nonsupervisory personnel will report to the same first-level supervisors to whom they reported prior to the reorganization.

Mr. Chairman, that concludes my testimony. Thank you.

[The prepared statement of Mr. Scarr follows:]

PREPARED STATEMENT OF HARRY A. SCARR, ACTING DIRECTOR, BUREAU OF THE CENSUS

INTRODUCTION

Mr. Chairman, I am pleased to appear before you today to discuss financial management improvements we are making at the Census Bureau, and a senior management reorganization that will improve financial management and implement changes to improve strategic planning and data dissemination. I will briefly summarize other key features of the reorganization.

FINANCIAL MANAGEMENT IMPROVEMENTS

Let me begin by discussing our financial management improvements. First, we have essentially completed a two-year effort to correct our financial accounts by liquidating funds that had been obligated in previous years but were no longer needed for the specific activity for which they were originally obligated. During the period from October 1992 to December 1993, the Census Bureau identified and liquidated \$48 million worth of Periodic Census and Program funds representing over 9,000 separate transactions. This work is now complete.

Second, last January I directed Census Bureau division chiefs to conduct quarterly reviews of their unliquidated obligations to free up unneeded obligated funds or to verify that the obligations are still needed for their original purpose. This sound business practice will help us ensure that prior year obligations we are still carrying on our books are valid. What we found during our review is that some prior year obligations could have been recovered sooner. Now, with these new procedures I am confident that we will remain more current in this activity and that the issue is now resolved.

Third, the Census Bureau's current automated accounting system, initially designed in the late 1950's as a punchcard system, requires extensive human intervention to produce accounting reports. Thus, these reports have not been as timely or useful as we would like. The procurement of a new accounting system is underway for the Census Bureau and the entire Department of Commerce and we expect to have this system operating at the Census Bureau in Fiscal Year 1997. The Census Bureau has volunteered to be a pilot agency for the implementation of that new system. The Bureau has devoted a significant investment in staff time to this effort to assure that we are well prepared to obtain maximum financial management improvements. Having in place a modern accounting system prior to the 2000 Decennial Census is the best way to assure timely and accurate accounting and reports for Census Bureau management and Congressional decisions.

Fourth, the recent reorganization of the Census Bureau's senior management will greatly enhance the financial management structure of the agency. The reorganization creates a Chief Financial Officer with the rank of Principal Associate Director who has reporting to him or her the Comptroller and the Associate Directors for information technology, administration, and planning and organization development. The Chief Financial Officer will have sufficient resources to deal with any possible problem of inadequate accountability, particularly in the area of financial management. He or she will be responsible for implementing the Chief Financial Officers Act, the Federal Managers' Financial Integrity Act, and the Government Performance and Results Act and will also be responsible for preparing audited financial statements and performance measures for all Census Bureau activities.

The reorganization also moves the Office of the Comptroller to an organizational level equivalent to that of Census Bureau Associate Directors. This change will facilitate the creation and implementation of a sound financial management system

and emphasizes the importance of this function. The reorganization also established the position of Associate Director for Planning and Organization Development who will be responsible for agencywide strategic planning.

Both the enhanced level in the organization of the Office of the Comptroller, and the establishment of a planning office at the Associate Director level, reflect moves of the kind we have been encouraged to undertake by the Commerce Department's Inspector General as steps to improve control of the agency.

Mr. Chairman, I believe the strengthening of our financial management structure that is part of our reorganization, in conjunction with the extensive deobligation efforts we have completed, the implementation of quarterly reviews, and the implementation of a very modern automated financial management system will help prevent the kinds of problems we had last fall with the liquidation and recovery of so many prior year obligations all at one time.

#### REORGANIZATION

Now, I will briefly summarize the other features of the Census Bureau's senior management reorganization. The Census Bureau appreciates greatly this Subcommittee's interest in the development of the reorganization, which was put in place, in part in response to the concerns you expressed when I first appeared before you at a hearing.

The Department of Commerce approved the reorganization on May 23 and we will implement most of the changes on June 26, 1994.

The key purposes and futures of the reorganization, in addition to strengthening financial management, are:

- To lay the groundwork for reengineering the way the Census Bureau conducts its business to increase the accuracy and timeliness of its statistical products.

- To implement the reforms implied by the Administration's commitment to better dissemination of Census Bureau products.

- To establish a Principal Associate Director and Chief Financial Officer, as I mentioned earlier, to ensure adequate accountability in the area of financial management and to prepare audited financial statements and performance measures for all Census Bureau activities.

- To establish an Associate Director for Planning and Organization Development responsible for strategic planning to institute agency-wide reform, to work toward overall agency goals to bring about that reform, and to ensure realization of those goals. The Associate Director for Planning and Organization Development will have the responsibility of reengineering the Census Bureau's data collection and processing procedures and ensuring the implementation of reengineered dissemination procedures. This will correct the material weakness related to the lack of a centralized policy and planning element at the Census Bureau identified by the Department's Inspector General.

- To establish the position of Principal Associate Director for Programs who will have reporting to him or her the Associate Directors for decennial census, demographic programs, economic programs, field operations, and statistical design, methodology, and standards. This will assure the application of technical standards across the substantive programs of the Census Bureau, improve the way in which Bureau programs utilize scarce resources, coordinate the implementation of such standards, and assure the coordination of demographic and decennial program innovations related to the 2000 Census.

The proposed reorganization has no adverse effects on employees. No personnel will lose jobs as a result of the reorganization and virtually all nonsupervisory personnel will report to the same first-level supervisors to whom they reported prior to the reorganization.

Mr. Chairman, that concludes my testimony.

#### RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. THOMAS C. SAWYER TO HARRY A. SCARR

*Question.* The Census Bureau recovered enough funds in fiscal year 1994 to make up for a large portion of the cuts to its request. The Bureau did not lay off or furlough any staff. How did you absorb the remaining cuts?

*Answer.* We cut costs across the board by \$8 million in travel, supplies, contracts, and so forth. We convened a working group of Census Bureau managers to identify these cuts. Our reimbursable work increased from about \$134 million in FY 1993 to an estimated \$158 million in FY 1994. This allowed us to retain staff for FY 1994. We had early retirement last fall, and we have continued a general hiring freeze started in 1991.

*Question.* How did you distribute the funds you recovered at the end of fiscal year 1994?

*Answer.* Primarily we used the funds to increase the funding of the 2000 census program from \$8 million to \$18 million. We allocated \$6 million for TIGER, \$8 million for CASIC, and the balance to continue funding other base programs at FY 1993 levels.

*Question.* How many on-call employees presently work at the Bureau?

*Answer.* We currently have 1,633 on-call employees.

*Question.* Were the "buy-outs" recently offered intended to replace the need to remove on-call employees?

*Answer.* No. Buyouts were offered to reduce employment and meet the budget levels requested for FY 1995.

*Question.* Why has the comptroller position been vacant since it was created last year?

*Answer.* It was important that the reporting level be elevated as provided in our recent reorganization.

*Question.* When do you anticipate filling that position?

*Answer.* We are moving now to fill the position. It will be advertised as soon as possible.

*Question.* Will the positions created by the reorganization be filled based on a broad candidates search, or from within?

*Answer.* We will look for the best candidates for the jobs.

*Question.* Both the General Accounting Office and the Inspector General found that the Bureau's cost accounting systems were deficient. Given the role of cost accounting in developing accurate cost estimates, how can the Bureau instill confidence in the cost estimates developed from the 1995 Census Test?

*Answer.* We believe that we have correctly identified and captured the cost elements despite the deficiencies in accounting for recoveries of prior year obligations.

*Question.* It is normal for the Bureau (and many other agencies) to receive less than the full funding request during the appropriations process. In considering the effect of a proposed funding cut, how does the Bureau develop its list of affected programs?

*Answer.* We follow the priorities of the Administration, the Department, and the Census Bureau in determining the priorities for cuts. If necessary, we also obtain effects statements from our operational managers and weigh their response against the program priorities.

*Question.* Do you have a priority list of programs prepared in advance to assist you in making those determinations?

*Answer.* We know the priorities and how they relate to each other. However, cuts oftentimes destroy those relationships and Congressional guidance often differs from how we see our priorities. Therefore, we usually have to reconfigure priorities after we receive the Congressional markup.

*Question.* The Census Bureau requested \$7.4 million this year for the Computer Assisted Survey Information and Collection (CASIC). What are the projected cost savings from the use of CASIC technology?

*Answer.* Full implementation of CASIC would accrue benefits in accelerating processes and thereby saving time, reducing labor-intensive activities and the associated costs as well as improving data quality. The CASIC approach puts emphasis on restructuring and improved performance through information technology applications so that we can, at a minimum, contain costs. The CASIC provides the opportunity to meet our expanding customers' data needs without hiring additional staff to support these activities. As a result, we would reduce the per unit cost of conducting interviews and processing data. With continued initiative support for full implementation by FY 1999, we project that opportunity and direct CASIC savings could reach as much as \$31 million on an annual rate. (This assumes that costs will increase about 3 percent per year under a "business as usual" scenario.) These cost containment/savings would be realized by our customers, other Federal agencies as well as Census Bureau appropriated projects. Investment in the CASIC initiative will accrue yearly benefits, not just a one-time savings.

*Question.* For the 1990 census, the Bureau initially set as its spending goal the cost of 1980 adjusted for growth in housing units and inflation. How does the Bureau define its stated goal of containing costs for the 2000 census?

*Answer.* One of the two overriding goals of the Year 2000 census and the 1995 Census Test is to contain the cost of the census. By containing costs, we mean we will keep inflation-adjusted unit costs at or below the level of the 1990 census. In the 1995 Census Test, we will develop several methods that are intended to reduce costs. Notable among these are sampling for nonresponse follow-up, eliminating one visit to vacant units, and using multiple questionnaire mailings to increase the mail

response rate. On the other hand, some procedures such as mailing Spanish questionnaires, increased telephone assistance, and new coverage evaluation methods may increase relative costs. The results of the test will provide the cost containment potential and information on how to meet it. In 1990, we estimated that if we repeated the 1990 census adjusted for an increase in the number of housing units, a decrease in the mail response rate, and using then current inflation factors, we could have a 2000 census cost as high as \$4.8 billion.

*Question.* How does the Bureau estimate the amount of reimbursable work that it will receive during an upcoming fiscal year?

*Answer.* Our division managers survey our customers to gain insight on potential future business. This survey process is continuous.

*Question.* How are reimbursable rates set?

*Answer.* The Census Bureau charges reimbursable work customers on the same basis as for appropriated work. Rates are set annually, with the objective of fully reimbursing the Census Bureau for the cost of the work. Generally, the first customer of the year receives the same rate charges as the last customer.

*Question.* In your fiscal year 1995 budget justification document, the Bureau says it plans to generate \$2 million in revenues by charging "more than the marginal cost of data dissemination." How does that statement correspond with federal policy articulated in OMB Circular A-130?

*Answer.* In order to fund improvements in Census data products, the FY 1995 budget proposes to increase fees to reflect more fully the cost of production. At a time of fiscal restraint, the Bureau needs to find additional ways to defray its costs. A fee increase to reflect costs that are not currently included in the "marginal cost of data dissemination" was determined to be the most effective way to generate additional revenues sorely needed to fund program improvements.

Mr. SAWYER. I am reluctant to mention this, but my staff insists that I do. That was the most compact testimony the Bureau has ever offered.

Mr. SCARR. I don't know how to interpret that. Does that mean I am getting better or getting worse?

Mr. SAWYER. And more precise. That came right down to the second. It was remarkable.

It is always good testimony. We appreciate it very much.

Let me turn to Assistant Secretary Bloom.

Mr. BLOOM. Thank you, Mr. Chairman.

I am pleased to be with Dr. Scarr to testify on the Census Bureau financial management improvements in their presently approved reorganization.

As chief financial officer and Assistant Secretary for Administration with the Department of Commerce, I am very much aware of the need for financial management improvements at the Census Bureau. The Department is absolutely committed to working with Dr. Scarr and the folks at the Census Bureau to implement these improvements.

I agree that the Census Bureau has taken several steps recently to put their financial house in order. Implementation of quarterly reviews and the recent reorganization are key improvements and the implementation of a new automated financial management system will be another important improvement.

My staff is also working very closely with Dr. Scarr's staff in the cleanup efforts regarding the recovery of prior-year obligation.

I approved of the reorganization because it is essential to establishing a sound financial management structure at the Census Bureau. The creation of the Principal Associate Director and chief financial officer position and establishment of a comptroller position at a level equivalent to that of an associate director will help to deal with the Census Bureau's chronic problems of inadequate financial accounting and management. The reorganization will lay

the groundwork for increasing the accuracy, timeliness and better dissemination of data products and improve overall strategic planning.

The Commerce Department is in the process of procuring a new automated accounting system for the Department and for the Census Bureau. As Dr. Scarr said, we expect to have that fully implemented by fiscal year 1997 at the Census Bureau.

I am pleased the Census Bureau has volunteered to be one of the pilots for the Department's new financial management system. Being a pilot means that the Department's financial management will work closely with the Bureau to implement this new accounting system on schedule so that it will be in place for the 2000 decennial census.

In summary, I believe the Census Bureau has made real progress in improving its financial management system and additional measures are now underway and they will complete the process and prevent problems from recurring.

Dr. Scarr and I will both be happy to answer any questions.

[The prepared statement of Mr. Bloom follows:]

PREPARED STATEMENT OF THOMAS R. BLOOM, ASSISTANT SECRETARY FOR ADMINISTRATION AND CHIEF FINANCIAL OFFICER, U.S. DEPARTMENT OF COMMERCE

Mr. Chairman, I am pleased to be here this afternoon with Dr. Scarr to testify on the Census Bureau's financial management improvements and on its recently approved reorganization. As Chief Financial Officer and Assistant Secretary for Administration for the Department of Commerce, I am very aware of the need for financial management improvements at the Census Bureau and the Department is committed to working with Dr. Scarr to implement those improvements.

I agree that the Census Bureau has taken several important steps to put its financial house in order. Implementation of quarterly reviews and the recent reorganization are key improvements, and the implementation of a new automated financial management system will be another important improvement. My staff is also working closely with his on the clean-up efforts regarding the recovery of prior year obligations.

I approved of the reorganization because I believe it is essential to establishing a sound financial management structure at the Census Bureau. The creation of the Principal Associate Director and chief financial officer position and the establishment of the Comptroller post at a level equivalent to that of Census Bureau Associate Directors will help to deal with the Bureau's chronic problems of inadequate financial accounting. The reorganization will also serve to lay the groundwork for increasing the accuracy, timeliness, and better dissemination of data products and improve overall strategic planning.

The Commerce Department is in the process of procuring a new automated accounting system for the Department and the Census Bureau, and as Dr. Scarr said, we expect to have that in place by Fiscal Year 1997 at Census. I am pleased that the Census Bureau has volunteered to be a pilot for the Department's new financial management system. Being a pilot means that the Department's financial management team will work closely with the Bureau to implement its new accounting system on schedule so that it will be in place for the 2000 decennial census.

In summary, I believe the Census Bureau has made real progress in improving its financial management system, and the additional measures now underway will complete the process and prevent problems from recurring. Dr. Scarr and I are both happy to answer any questions you may have.

Mr. SAWYER. Thank you both very much.

You talked about the pilot program for the new accounting system for the Census Bureau. Would you talk about why you think a pilot program is so important there?

Mr. BLOOM. This is going to be a big, comprehensive Department-wide system. Currently, there are three bureaus, if you will,

that are going to be the first bureaus to be implemented: NIST, the Census Bureau and the Office of the Secretary.

There is some work we need to do to get the Census Bureau ready for the pilot, but they are clearly one of the bureaus in most need of a new system. Having them as one of the pilots really makes sense. We are not rushing into anything. We have plenty of time between now and then to get our house in order. You know, when you have three different bureaus, it is hard to really call it just a pilot. It is really the first phase of implementation of the new system.

Mr. SAWYER. That may be a better way to describe it.

Let me ask you this. I am the guy that sits here and keeps talking about 12-, 15-, 20-year horizons, but at the same time we are struggling right now with an appropriations process that is pivotal in terms of getting to those longer-term horizons.

Can you talk for a moment about the Department's role in formulating that close-in tactical response to the immediate needs and developing priorities in the appropriations process that is at such a critical juncture?

Mr. BLOOM. We at the Department—clearly we are a department where policy drives budget. The Office of the Secretary and my office are intricately involved in the development of the budget and the policy that goes with that. There is very close communication during that process with the Census Bureau. It is a very integrated, long-term approach that, again, is policy driven by the Secretary and the administration's priorities.

So it is not a Census Bureau focusing in one direction. It really is the global review of the Office of the Secretary as well as my office.

Mr. SAWYER. I have to tell you that in the light of both the comments I have made and those of some other Members and some of the observations of previous witnesses. I am enormously tempted to ask you about the Director vacancy. I'd ask about the kinds of work or kinds of qualities you might look for in the next Census Director and the way those qualities may fit into the broader needs in terms of immediate response to policy leadership here on the Hill at critical junctures as well as in planning the longer-term strategic and corporate needs of a large and complex bureau. I am tempted to, but I won't.

Mr. BLOOM. Thank you.

Mr. SAWYER. You are welcome.

Dr. Scarr, we are struggling through that process right now. I want to thank you for your willingness to be as forthcoming and be as candid as you have been. I know it has been a difficult time.

Could you comment on the \$2.7 million figure I mentioned a little bit ago when GAO was at the table? Is it a definite figure? Are there no other funds that we might turn to?

I realize it is not an answer that you can make in absolute terms, but if you could discuss that figure, it would be helpful.

Mr. SCARR. I think that figure is a reasonable estimate from the Bureau's standpoint. Mr. Chairman, I will not sit here and say there may not be a surprise. If I were to basically give my personal view and to speculate on the basis of what we know now, I would doubt that there are any 10- or 12-million-dollar surprises out

there. I would suspect that any figure between \$1, \$4, or \$5 million is probably a reasonable expectation for the future deobligations. I think that——

Mr. SAWYER. A probable reasonable range.

Mr. SCARR. That is correct. The system I put in place provides me with what is the best output that I have seen there of outstanding obligations on a very rapid turnaround basis. I have it here and would be happy to provide a copy for the committee so they have a sense of what that looks like.

[The information referred to follows:]



AS OF APR 30 1994  
UPDATED 06/08/94  
RECALL4

STARTIFICATION OF  
PRIOR YEAR OBLIGATIONS. \$0 000 +  
(Underlived Orders)

DOCUMENT #	VENDOR NAME	TYPE OF SERVICE	EFFECTIVE PERIOD(S)	DIVISION	APPRO	PROJECT	BEGINNING BAL	CURRENT BAL	COMMENTS (IF ANY)
010009301	DEPARTMENT OF LABOR	INQUIRY COMP	07/01/93-06/30/94	DEPARTMENTAL MANAGEMENT	325 (PCA) 5000 GEN PLAN & DIRECT		4 680 006 00	1 998 480 28	*11/93 PAYMENT MISCELLANEOUS OBLIGATION RECORD REC D 80/93
500136658	NATIONAL ACADEMY OF SCIENCES	ADVISORY AND ASSISTANCE SERVICES	11/21/91-11/21/94	YEAR 2000 RESEARCH AND DEVELOPMENT STAFF	226 (PCA) 6003 COMB OF GEN PLAN STAFFS		1 400 000 00	615 311 30	*04/94 ACCTUAL
010009302	ROCHESTER INSTITUTE OF TECHNOLOGY RESEARCH CORPORATION	JOINT RESEARCH AND DEVELOPMENT PROJ	09/23/93-09/20/94	TECHNICAL SERVICES	326 (PCA) 6602 DATA CAPTURE		500 000 00	271 916 00	THE COST ESTIMATE OF THE PROJECT IS \$2.5 MILLION BIO PROPOSES FUNDING \$500 000 IN FY 93, 1.5 MILL IN FY 94 AND \$400 000 IN FY 95. HOWEVER, THERE IS NO GUARANTEE THAT SUFFICIENT FUNDING WILL BE AVAILABLE FOR ALL ACTIVITIES. *03/94 ACCTUAL, 04/94 PAYMENT
040033395	PRINTING	CONTRACT FOR 40 REPRINT P. HRS. ABOVE	09/24/93-12/30/93	BIOCHEMICAL MANAGEMENT	325 (PCA) 5800 190 GEN DATA PLAN 1		300 000 00	230 680 00	*04/94 PAYMENT
500136027	DIGITAL EQUIPMENT CORP	BUREAU WIDE HARDWARE MAINTENANCE	10/01/92-09/30/92	COMPUTER SERVICES	284 (PCA) 4946 REMOTE COMP FAC SUP		1 471 140 00	295 394 08 2/	*12/92 PAYMENT
500130044	DIGITAL EQUIPMENT	BUREAU WIDE HARDWARE MAINT	10/01/92-09/30/93	COMPUTER SVCS	300 (IMP) 0714 IMP/COMP HW & SUPPLY		1 423 744 00	225 134 00 2/	ORIGINAL ORDER WAS FOR \$1 400 000 AN ADDENDUM FOR \$23 744 00 WAS PROCESSED ON 03/29/93 *01/94 ACCTUAL
500136624	SOXA & CO. LTD	TURNKEY TOUCHING DATA ENTRY/VOICE RECOGNITION ENTRY DATA COL SVS	09/03/93-09/30/94	COMPUTER SERVICES	318 (PCA) 4100 CASUAL IMPROVEMENT		297 000 00	223 173 54 1/	*02/94 UNDER 11TH ORDER AS OF JAN 94 PAID MISSING WHICH WOULD HAVE BEEN USED TO CAPTURE THIS INFO 1
500136635	DIGITAL EQUIPMENT CORP	REINSTALL BOX DATED EQUIP FROM PRO OFF REC CENTERS	01/25/93-10/01/93	COMPUTER SERVICES	100 (IMP) 0702 LOC EQUIPMENT REINSTALLATION		543 000 00	263 448 00 2/	WE MADE A CONTRACT WITH DIGITAL EQUIP FOR VARIOUS TASK ORDERS *05/93 PAYMENT

AS OF APR 30 1994

REPORTED 04/02/94

RECALL ON

 STRATIFICATION OF  
 PRIOR YEAR OBLIGATIONS \$0.000 +  
 (Unapportioned Orders)

DOCUMENT #	VENDOR NAME	TYPE OF SERVICE	EFFECTIVE PERIOD(S)	DIVISION	APPRO	PROJECT	BEGINNING BAL	CURRENT BAL	COMMENTS (IF ANY) DATE AND/OR TYPE OF LAST ACTIVITY
010090707	ECONOMIC RESEARCH SERVICE	DESIGN MICRO-DATA ACCESS SYSTEM FOR USERS OF THE CENSUS OF AGRICULTURE	09/01/93 03/30/94	AGRICULTURE	352 (FICA 2115 (CENSUS REPORT FMS)		200 000 00	50 000 00	07/94 UNDELETED ORDER REVISED FROM 420000 TO 150000 \$150000.00 REQUESTED FOR OBLIGATION INVOICED TO 01/91 *03/94 01/91 OBLIGATED 4150 000 00
010090702	SMALL BUSINESS ADMINISTRATION	DEVELOPMENT OF PROPOSED PRODUCT CODES 09/09/93 09/20/94 FOR SERVICE INDUSTRIES	09/09/93 09/20/94	ECONOMIC CENSUS & SURVEYS	353 (FICA 3092 (ECONOMIC CENSUS SU)		200 000 00	200 000 00	*08/93 UNDELETED ORDER
040533104	PRINTING	CONTRACT FOR 90 DECEMBER PMS -US SUMMERS	09/24/93 12/20/93	DEPARTMENTAL MANAGEMENT	325 (FICA 5880 (90 GEN DATA PLANS )		200 000 00	196 005 00	*04/94 PER J. PAULINO (MPS) SUB COMPLETED 0000
070090927	PILOT RESEARCH ASSOCIATES	CORE SUPPORT	06/01/93 INDEF	BUDGET	300 (FICA 0631 (CENSUS ACCOUNT ING)		165 600 00	165 600 00	THIS IS ADDITIONAL FUNDS TO MOR 92 27 *08/93 UNDELETED ORDER
050093197	GENERAL SERVICES ADMINISTRATION	REQUIRE SPACE	6/9/93 INDEF	ADMIN & PUB SVCS	300 (FICA 0981 (SPACE IMPROVE MENT)		162 430 00	162 430 00	THIS ORDER WAS REQUESTED 6/9/93 *06/93 UNDELETED ORDER TELEPHONE TO CALL DIVISION
400117021	GENERAL SERVICES ADMINISTRATION	COMPUTER OPERATING SUPPORT	FY 91	COMPUTER SERVICES	144 (FICA 4046 (REMOTE COMP FAC SP)		419 442 94	150 851 29	*07/93 PAYMENT TELEPHONE TO CALL DIVISION
500126023	NATIONAL OPINION RESEARCH CENTER	METHODS OF INDIRECT ESTIMATION AND RECORD IMAGE ESTIMATION	09/28/93 03/31/95	DEPARTMENTAL MGMT	305 (FICA 5020 (GEN PLAN & DIRECT)		150 220 00	150 220 00	*06/93 UNDELETED ORDER
010090922	U S GEOLOGICAL SURVEY	MAP PRODUCTION FACIS	FY 91	GEOGRAPHY	126 (FICA 5313		200 000 00	66 568 00 17	ORDER# THREE TO PAYMENT #2 *04/94 ACCRUED & PAID

AS OF APR 30, 1994  
UPDATED 06/08/94  
RECALL 04

STRATIFICATION OF  
PRIOR YEAR OBLIGATIONS: 50,000 +  
(Unobligated Orders)

DOCUMENT #	VENDOR NAME	TYPE OF SERVICE	EFFECTIVE PERIOD(S)	DIVISION	APPRO	PROJECT	BEGINNING BAL	CURRENT BAL	COMMENTS (IF ANY) -DATE AND/OR TYPE OF LAST ACTIVITY
0100090033	GENERAL SERVICES ADMINISTRATION	ASSESSMENTS OF MULTI-PAGE QUESTIONNAIRE PRINTING AND MILLING PRODUCTION TECHNOLOGIES FOR THE YEAR 2000 CENSUS	OPEN	DECEMNAL MANAGEMENT	325 (PCA) 5000 (GEN PLAN & OBJECT)		150 000 00	150 000 00	*09/93 UNOBLIGATED ORDER *ITEM 59 TO BE PAID IN JUNE
0100090020	GENERAL SERVICES ADMINISTRATION	FURNISH/REPLACE/INSTALL LABORS EQUIPMENT/SUPPLIES	VARIOUS SEE REMARKS	ADMINISTRATIVE AND PUBLICATION SVCS	325 (PCA) 5000 (GEN PLAN & OBJECT)		149 708 00	111 386 20	THIS MISCELLANEOUS OBLIGATION RECORD REC 0 00/93 COVER VARIOUS REIMBURSABLE WORK AUTHORIZATION WITH VARIOUS DATES OF REQUEST FROM 05/03/93 TO 09/10/93 *04/94
0100090027	INTERNAL REFERENCE SERVICE	PAYROLL/EMPLOYMENT DATA	09/11/93 09/30/94	ECONOMIC CENSUS & SURVEYS	353 (PCA) 3056 (ADMIN RECORDS PRO)		126 472 00	126 472 00	*09/93 UNOBLIGATED ORDER
*00116/0412	ANALYSIS/RESEARCH/TECHNOLOGY INC	TELEPHONING OF LUTHERAN REQUIREMENTS AND COST ANALYSIS OF DATA BACKUP AND ARCHIVING OPTIONS	09/30/93 12/31/94 WITH 2-YEAR FIRMAL OPTIONS	COMPUTER SVCS	300 (INT) 0040 (DIVISION REG/ ADMIN)		149 866 26	33 485 97	*04/94
0500090133	GENERAL SERVICES ADMINISTRATION	FURNISH AND INSTALL BACKUP AIR CONDITIONING UNIT	01/29/90 DATE OF REQUEST	COMPUTER SERVICES	044 (PCA) 4950 (STATE PROJ/ PROJ)		149 532 57	16 421 63	REIMBURSABLE WORK AUTHORIZATION 02/92 PAYMENT *03/94 OBLIGATED GEN 93 5114257 (04) TECHNICIAN TO CALL DIVISION
5001000007	ORIGINAL EQUIPMENT CORP	HARDWARE/PRINT	11/91	ASSOCIATE DIRECTOR FOR INFORMATION TECHNOLOGY	100 (INT) 0735 (ADMIN/PROJ/ MAIN DIV)		900 000 00	120 303 24 27	41 940 & 116400 WITH DIGITAL EQUIP FOR VARIOUS YEAR ORDERS *11/93 PAYMENT
4100090049	SEE REMARKS	RELOCATION ALLOWANCE	09/30/93 12/01/93	FIELD	300 (INT) 0040 (FIELD BUD GEN EXP)		116 840 00	99 042 42	UNOBLIGATED ORDER 0011510401 THIRD + 41 FOR 42/93 ACTION ALLOWANCE *0011 WAS PAID 00114111 *03/94

AS OF APR 30 1994  
UPDATED 06/08/94  
RECALL04

STRATIFICATION OF  
PRIOR YEAR OBLIGATIONS 50 000 +  
(Unobligated Orders)

DOCUMENT #	VENDOR NAME	TYPE OF SERVICE	EFFECTIVE PERIODS	DIVISION	APPRO	PROJECT	BEGINNING BAL	CURRENT BAL	COMMENTS (IF ANY) *DATE AND/OR TYPE OF LAST ACTIVITY
5001166015	PRIME U S SMALL BUSINESS ADMIN SUB TRIV SYSTEMS INC	FACILITIES-MANAGEMENT SERVICES FOR CEMUS CHARLOTTE N.C. COMPUTER CTR	10/01/92-09/30/93	COMPUTER SERVICES	344 (PCA) 6946 (RWITE CON+ FAC SP)		526 460 00	113 468 71	MODIFICATION # 4 SECOND OPTION PERIOD - FY 93 EFFECTIVE DATE OF ORIGINAL CONTRACT 07/02/91 *11/93 PAYMENT
0100091017	WASHINGTON STATE UNIVERSITY	CONSULTANT	07/15/91-7/17/95	ASSOCIATE DIRECTOR FOR STAT DESIGN METHODOLOGY AND STANDARDS	300 (LMP) 0756 (TYPE METHODOL RESEARCH)		231 620 00	90 335 34	FWA ORIGINALLY ESTABLISHED FY 91 IT WAS EXTENDED TWICE A NEW AGREEMENT SHOULD HAVE BEEN ESTABLISHED FOR EACH YEAR THE EXTENSION WAS FOR FY 94 AND 95 *04/94
5001166022	NATIONAL ACADEMY OF SCIENCES	ADVISORY & ASSISTANCE SVCS FOR PLANNING OF THE FY 2000 DECENNIAL CENSUS	09/10/93-09/30/91 SEE REMARKS	YEAR 2000 RESEARCH AND DEVELOPMENT STAFF	226 (PCA) 6364 (PRELUCE RESEARCH)		275 000 00	74 575 34	MODIFICATION #1 CONTRACT CONTAINED OPTION TO EXTEND NOT TO EXCEED 30 MONTHS THIS WAS REPLACED WITH INCREMENTAL FUNDING CLAUSE WHICH PROVIDES THROUGH FY 94 12/93 ACCRUAL MOD #1 *04/94
5001166025	DAC INTERNATIONAL INC	DATA PREP AND PROCESSING SVCS	09/10/93-03/03/94 OPTION TO EXTEND FOR ADDITIONAL SIX MONTHS	DATA USER SERVICES	300 (LMP) 0756 (TAPE COPY-ING SERV)		400 000 00	11 750 81	CONTRACT NOT TO EXCEED \$400 000 00 *03/94 ACCRUAL
0499231607	PRINTING	ARCHIVING 1990 DEC DATA A/D CONTROL FILE	09/10/93-09/30/93	DECENNIAL MANAGEMENT	325 (PCA) 5454 (EMPH PROCESSING)		101 901 00	181 862 60	*12/93 PAYMENT TECHNICAL TO CALL DIVISION
5001166032	NATIONAL ACADEMY OF SCIENCES	ADVISORY & ASSISTANCE SVCS FOR PLANNING OF THE FY 2000 DECENNIAL CENSUS	09/10/91 SEE REMARKS	YEAR 2000 RESEARCH AND DEVELOPMENT STAFF	226 (PCA) 6303 (CONSTAT)		250 000 00	93 243 03	MODIFICATION #1 CONTRACT CONTAINED OPTION TO EXTEND NOT TO EXCEED 30 MONTHS THIS WAS REPLACED WITH INCREMENTAL FUNDING CLAUSE WHICH PROVIDES THROUGH FY 94 08/92 PAYMENT MOD #1 *02/94

AS OF APR 30 1994  
 UPDATED 06/08/94  
 RECALL

STABILIZATION OF  
 PRIOR YEAR OBLIGATIONS - \$0.000 -  
 (unactivated Orders)

DOCUMENT #	VFORD NAME	TYPE OF SERVICE	EFFECTIVE PERIOD(S)	DIVISION	APPRO	PROJECT	BEGINNING BAL	CURRENT BAL	COMMENTS (IF ANY)
010000022	U S GEOLOGICAL SURVEY	MAP PRODUCTION TASKS	FY 92	GEOGRAPHY	225 (FCA) 5313 (1994 AUB MOVS)		100 000 00	90 866 07 31	ADDITION FROM TO AMENDMENT #2 *01/94 PAYMENT TECHNICIAN TO CALL DIVISION
010009304	INTERNAL REVENUE SERVICE	PAYROLL/EMPLOYMENT DATA	10/1/93 9/30/93	ECONOMIC CENSUS & SURVEYS	353 (FCA) 2056 (AMPM RECORDS PROJ)		121 046 00	86 866 47	*11/93 PAYMENT IRS UNDER REVIEW
9900006193	COMMERCE/LABOR	UNEMPLOYMENT COMP FOR F+92 AGO AND ECON CENSUS	INDEFINITE	ECONOMIC CENSUS AND SURVEYS	353 (FCA) 3099 (UNEMP COMP)		100 000 00	86 496 00 31	DUE TO THE UNCERTAIN NATURE OF STATE REGULATIONS AND THE UNKNOWN TIME LAGS FOR SUBMISSION OF INITIAL CLAIMS THE DIVISIONS OBLIGATED FUNDS FOR EMPLOYMENT TO BE REDUCED UPON THE PAYMENT OF THE CLAIMS *09/93 PROJ 3099
0500002718	GENERAL SERVICES ADMINISTRATION	DESIGN/INVOICE CENTER	08/26/92 DATE OF REQUEST	ADMIN & PUB SVCS	200 (FMT) 0874 (RECAUTIFICATION IMC01)		307 188 00	80 849 43	*11/93 PAYMENT TECHNICIAN TO CALL DIVISION
5001266027	AGRIURE INTERNATIONAL	COMMUNICATIONS RESEARCH	09/28/93 05/31/94	PUBLIC INFO OFFICE	300 (FMT) 0503 (GEN ADMIN)		138 034 00	20 097 35	*04/94
9900006493	COMMERCE/LABOR	UNEMPLOYMENT COMP FOR F+92 AGO AND ECON CENSUS	INDEFINITE	AGRICULTURE	353 (FCA) 2120 (UNEMP COMP)		75 000 00	71 000 00 31	DUE TO THE UNCERTAIN NATURE OF STATE REGULATIONS AND THE UNKNOWN TIME LAGS FOR SUBMISSION OF INITIAL CLAIMS THE DIVISIONS OBLIGATED FUNDS FOR EMPLOYMENT TO BE REDUCED UPON THE PAYMENT OF THE CLAIMS *09/93 PROJ 2120

AS OF APR 30 1994  
UPDATED 06/08/94  
RECALL

STRATIFICATION OF  
PRIOR YEAR OBLIGATIONS -- \$8,000 +  
(Unapportioned Orders)

DOCUMENT #	VENDOR NAME	TYPE OF SERVICE	EFFECTIVE PERIOD(S)	DIVISION	APPRO	PROJECT	BEGINNING BAL	CURRENT BAL	COMMENTS (IF ANY) *DATE AND/OR TYPE OF LAST ACTIVITY
500126027	DIGITAL EQUIPMENT CORP	BUREAU-WIDE MAINTENANCE	10/01/93-09/30/93	COMPUTER SERVICES	2001(WF) 0735	(OFFSITE COMP SVC)	328 860 00	70 789 66 2/ 3/	*12/93 PAYMENT
500126006	NETWORK SYSTEMS CORP	MAINTENANCE OF HYPERCHANNEL HARDWARE AND NETEX PROPRIETARY SOFTWARE	10/01/92-09/30/93 AND 4 OPTION YRS ENDING 09/30/97	COMPUTER SERVICES	344(PCA) 4956	(REMOTE COMP FACILITY SUPPLY)	68 831 00	64 013 22 3/	*09/93 PAYMENT
500126603	SAS INSTITUTE	APPLICATION SUPPORT SERVICES	08/25/93-NO EXPIR DATE	COMPUTER SERVICES	344(PCA) 4945	(OFFICE AUTOMATION)	60 010 00	44 655 00 3/	UNRECORDED ORDER THIS IS A CONTRACT WITH VARIOUS DELIVERY ORDERS *04/94
500126605	WESTAT INC	INDIAN AND ALASKA NATIVE GOVERNMENT ADMINISTRATIVE RECORDS BUSINESS STATISTICS USERS CONFERENCE	09/28/93-09/30/94	ASSOC DIR FOR STAT DESIGN METHODOLOGY AND STANDARDS ECONOMIC CENSUS AND SURVEYS	2001(WF) 0524	(ANNUAL RESEARCH CONFERENCE)	59 990 00	48 692 82 3/	*04/94
500126602	NATIONAL OPINION RESEARCH CENTER	EVALUATION OF SMALL AREA ESTIMATION	09/29/93-01/31/95	YEAR 2000 RESEARCH AND DEVELOPMENT START	334(PCA) 4956	(SAMPLING FOR COUNT RATES & OR)	59 996 00	49 186 00 3/	*03/94
500126602	ADVANCED RESOURCE TECHNOLOGIES INC	HIGH PERFORMANCE COMPUTING EVALUATION	09/23/93-01/31/94 08/31/93-12/31/93	COMPUTER SERVICES	344 (PCA) 4956	(REMOTE COMP FAC SVC)	168 151 71	165 19	*03/94
500126605	WESTAT INC	INDIAN AND ALASKA NATIVE GOVERNMENT ADMINISTRATIVE RECORDS BUSINESS STATISTICS USERS CONFERENCE	09/28/93-09/30/94	ASSOC DIR FOR STAT DESIGN METHODOLOGY AND STANDARDS ECONOMIC CENSUS AND SURVEYS	353(PCA) 3902	(ECONOMIC CENSUS SUPPORT)	64 251 08	31 927 10 3/	*04/94

AS OF APR 30 1994  
UPDATED 06/08/94  
RECALL

STRATIFICATION OF  
PRIOR YEAR OBLIGATIONS - \$5,000 +  
(Unfilled Orders)

DOCUMENT #	VENDOR NAME	TYPE OF SERVICE	EFFECTIVE PERIOD(S)	DIVISION	APPRO	PROJECT	BEGINNING BAL	CURRENT BAL	COMMENTS (IF ANY)
									DATE AND/OR TYPE OF LAST ACTIVITY
0700003500	SEE REMARKS	RELOCATION ALLOWANCE	TRAVEL ORDER DATE 09/28/93	FIELD DIVISION	325 (PCA) S219 (CENTRAL TIGER)		56 525 00	56 525 00 3/	*09/93 UNDELIVERED ORDER
0100003241	INSTITUTE FOR SOCIAL RESEARCH	ASSIGNMENT AGREEMENT- PRODUCE FOR A PERSON TO CONDUCT RESEARCH ON SURVEY PARTICIPATION AT THE CENSUS BUREAU	06-01/93-07/31/94	DIRECTOR	205 (FWS) 0001 (GEN ADMIN)		116 629 44	56 350 71 3/	*09/93-RETURN DUAL DATA PAYMENT
0700009330	EQUAL EMPLOYMENT OPPORTUNITY	EEO JUDGMENTS FOR 1990 DECENNIAL CENSUS	DATED 9/20/93	DECENNIAL MANAGEMENT	325 (PCA) 5000 (GEN PLAN & DIRECT)		55 000 00	55 000 00 3/	*09/93 UNDELIVERED ORDER ESTIMATE
0100009321	INTERNAL REVENUE SERVICE	BUSINESS MASTER FILE	09/17/93-09/30/94	ECONOMIC CENSUS AND SURVEYS	351 (P.L.A.) 3056 (ADMIN RECORDS PRO)		52 460 00	52 460 00 3/	*09/93 UNDELIVERED ORDER
500712047	GE TMO SERVICES	DATA NETWORK SERVICES FOR THE DEPARTMENT OF COMMERCE	08/26/87-ONE YEAR AUTOMATICALLY EXT FOR IMPD 4 OPTION YEARS WTE 60 MYS	TECH	205(PCA) 5448 (DATA PROCESSING)		2 099 500 00	51 943 53 3/	CONTRACT ESTABLISHED FY 87 WITH VARIOUS AMENDMENTS AMENDMENT 20 DELEGATED FY 91 FUNDS AND ESTABLISHED FY 92 FUNDS IN THE AMOUNT OF \$300 000 00 AMENDMENT 22 EXTENDED THE PERIOD OF SERVICE TO 09/30/93 *02/94 PAYMENT
0100003020	GENERAL SERVICES ADMINISTRATION	ASSESSMENTS OF PUBLICALLY ACCESSIBLE TECHNOLOGIES	OPEN	DECENNIAL MANAGEMENT	325 (PCA) 5000 (GEN PLAN & DIRECT)		210 000 00	15 000 26	09/93 CONNECTION TO UNDELIVERED ORDER CORRECTION DUE TO DOCUMENT CHARGED TO WRONG PROJECT AND WRONG DIVISION UNDELIVERED ORDER ORIGINALLY CORDED 06/93 *01/94 TECHNICIAN TO CALL DIVISION

AS OF APR 30 1994  
UPDATED 66/88/94  
RECALL4

STRATIFICATION OF  
PRIOR YEAR OBLIGATIONS - 50 000 +  
(Unaffiliated Orders)

DOCUMENT #	VENDOR NAME	TYPE OF SERVICE	EFFECTIVE PERIOD(S)	DIVISION	APPRO	PROJECT	BEGINNING BAL	CURRENT BAL	COMMENTS (IF ANY) *DATE AND/OR TYPE OF LAST ACTIVITY
						TOTALS	20 111 132 5/	7 291 448 08	

- 1/- THIS ITEM ADDED TO DECEMBER LIST
  - 2/- DIGITAL CONTRACTS ARE UNDER REVIEW BY TECHNICIAN AND CTR - SEE TIME CLERK AND ENCLERS FOR MORE INFORMATION
  - 3/- EFFECTIVE AS OF FEB 1994 - PY OBLIGATIONS WITH A BAL OF \$50 000-99 999 WERE ADDED TO THIS LIST PRIOR TO FEB 1994
- THE CRITERIA FOR THIS LIST WAS PY OBLIGATIONS WITH A BAL OF 1000 000 +



Mr. SCARR. That is sort of the best we can do. What we are looking forward to, though, is to basically get the comptroller's shop shaped up to get the new financial management system in place and to basically increase accountability and just fix the system.

We are not going to argue with GAO about the fact that it needs fixing. That is not an issue. Census employees recognize that. The Bureau has recognized that. Now we are taking steps to do it.

In terms of the number, I repeat, a fixed number, you come up with it because you add things up and that is the number and you say something may be hidden here or there and that estimate may be wrong and the back-up material may not be adequate because we don't have a new system in place. But I would say \$1 to \$4 million is not an unreasonable estimate.

But there are no guarantees against surprises. I don't think there will be any. I feel confident that there won't be. But that is a hazardous enterprise.

Mr. SAWYER. A couple of years ago the American Statistical Association put out a sweat shirt, the back of which said they were dedicated to the truth, the whole truth, and nothing but the truth—plus or minus.

Mr. SCARR. Plus or minus, yes. That is—I think that GAO's comments and the GAO analysis has been eminently fair. I would disagree in some measure with respect to the fact that there is anything by way of a hint that anything is going on, but aside from that I think I am very comfortable with what they have done.

Mr. SAWYER. Let me talk about the estimates for a moment. GAO cited the example of the printing estimate that went from \$4 million down to \$300,000. That is a fairly large range.

Mr. SCARR. Yes, it is.

Mr. SAWYER. Could you comment on that and how we might improve those estimates?

Mr. SCARR. If you had a system that says you make an obligation and basically the next month you get a response that says, of the obligation, this much has been expended, you begin to track what the actual expenditure is and you begin to test those things in terms of how aged they are, what category they fall into and you are able to do that on more of a real-time basis. That is the way you track it.

Then you just use sound management practices to basically say, Joe, you said you needed to obligate \$4 million; you spent \$300,000 in the last 6 months; you said you would spend \$4 million in 8 months; what is going on?

You must be in a position to conduct that review and have a system that enables you to do it. That is the sort of thing we are striving toward.

Mr. SAWYER. I understand that. Clearly, the timely tracking did not take place.

Mr. SCARR. Right.

Mr. SAWYER. My question is, what dart board got it so wrong in the first place?

Mr. SCARR. I guess in general one would have to say that there was both inadequate performance in terms of the people who were managing it, the financial function had been basically undervalued

for awhile and was just not operating right. The system is out of date, as I mentioned.

Mr. SAWYER. Could it be as simple as saying we think we might need as much as this much printing, so you make the estimate?

Mr. SCARR. You make a good-faith estimate, but that is not the issue. That is the problem of making sure your estimates are good. Once the estimate is made, though, that is when the problem of deobligation comes in.

We are hoping that we have—we have a budget system in place now that basically requires a much more rigorous approach to making estimates for what we are going to be expending. Part of the reorganization is also to—the chief financial officer, the whole administrative apparatus will focus on being more precise and accurate about that, much more stringent in the review of estimates.

Mr. SAWYER. Let me shift gears on this one: If you could just put up a temporary wall between yourself and Mr. Bloom for a moment.

Mr. SCARR. Never.

Mr. SAWYER. We face the problem of potentially having a new director coming in within days or weeks who may not like the character of the reorganization effort.

Why now?

Mr. SCARR. As the GAO basically remarked, we have to address our problems promptly. One of the things that this committee has made clear to me even in an acting capacity is that deadlines, timeliness, prompt attention to things is *sine qua non* to getting through this decade, and getting on with 2000.

We are in the position now of going into the 1995 tests. We need to respond to the National Performance Review requirements for streamlining—we are basically reinventing things—for improving functions. We need to address financial management problems. Frankly, we simply can't wait.

We think the existence of the problem of balkanization at the Bureau—that is to say, it is so spread out all over the map—there needs to be more coordination. Existence of the management problems, the IG's basic interest in improving certain aspects, frankly, Mr. Chairman, I don't think we can wait. That is the best answer I can give.

Mr. SAWYER. That was a softball.

Mr. SCARR. We are also very pleased that the Department has been supportive. So it is not like this has been done without any policy guidance.

Mr. SAWYER. You have heard voiced the sensitivity to the criticism that this may simply be a new layer of bureaucracy. Would you care to respond to that?

Mr. SCARR. When you look at an organization and it has some problems, you first must address the specific problems that that organization has. The Bureau is a flat organization, but in the case of the Bureau, that creates more problems than it solves because you have programs going off in their own directions without perhaps sufficient integration or guidance or some force that is going

to overcome the natural territorial proclivities. You have the administrative apparatus that includes information technology, general administrative services, the comptroller function, et cetera. All of these things are like stovepipes, as you have noted.

And that in the instance of this organization, one of the things that needs to be done is to make it basically one organization, and that is the real thrust of what we are doing. I recognize that in terms of some of the rhetoric and the legitimate points made about some organizations and the fact they need to be flatter and so on and so forth, is something that may look to be at odds with some of the things we are doing, but I don't think ultimately they are because we need to create an organization that is effective, that is responsive to changing needs, and that takes advantage of the economies that occur in both the program area and administrative area in this rather tight budget climate in which we exist.

Mr. SAWYER. I have only two questions I really want to ask you, take down the wall now—the first is really fairly direct.

Do you have the talent that you need inside? Do you have the flexibility you need if you need to go outside?

Mr. SCARR. Yes. We have both.

Mr. BLOOM. Yes, I think that is exactly right. We need to fill the positions, but at the Department level we are going to dedicate the resources to help them achieve their success.

Mr. SAWYER. The second question is really similar to the one that I asked Mr. Hunt in anticipation of your coming forward. I ask you this in anticipation of the next panel.

The question is, you have said as part of your testimony that your reorganization will have no adverse effects on the employees. I suspect that we may hear testimony that if not counter to that, at least with a different slant. Do you care to expand on that knowing it has been put into question?

Mr. SCARR. We are working with the union, both our unions, the union here at headquarters and NFFE in Jeffersonville, working on the issue of establishing a better and different partnership. It is a rocky road.

We are, in addition, working at the department to attempt to establish a partnership between the variety of the unions in the Department and the various bureaus.

With respect to the issue of the reorganization, we provided information to the union about it prior to informing our major managers and included their initial response to it in the material, initial material we provided to the major managers, and then set a deadline for both parties to get back with further responses.

We were responsive to some of the suggestions made by the union. It is basically—we provided the union with a copy of the proposal that we submitted to the Department and currently under terms of the existing contract, the union has a 3 weeks advance notification on the current form of the reorganization.

We are hopeful to work together to improve the relationship, and we are trying. The comment I made at the end of my testimony basically had to do with the fact that in fact it will not adversely affect employees.

Mr. SAWYER. Thank you very much. I appreciate your testimony today, both of you. We are grateful for your direction.

We have a vote that is coming up, but I strongly suspect that we can engage this panel right now and proceed, if you are comfortable with that. If you are not, I would be happy to return, but I think we can do this now.

The third panel is comprised of Evelyn Jordan, president of AFGE Local 2782, Bureau of the Census.

Ms. Jordan, welcome. It is a pleasure to see you this afternoon.

Let me emphasize that while we just learned of your interest and concern, I have been grateful for your effort to make sure that the testimony was available to the subcommittee ahead of time. We are particularly happy to accommodate your interest in the light of the specific request of Congressman Wynn, who is a strong and thoughtful and articulate advocate.

With that, let me turn to you and say that if you choose to summarize your testimony in any way, you can rest assured that the full text will remain a part of the record.

**STATEMENT OF EVELYN JORDAN, PRESIDENT, AFGE LOCAL  
2782, BUREAU OF THE CENSUS**

Ms. JORDAN. Thank you.

Good afternoon, Representative Sawyer and distinguished members of this committee. My name is Evelyn Jordan. I am currently the president of AFGE Local 2782, representing all nonmanagement employees at the Census Bureau headquarters.

I am joined here today by my political chairman, Russ Davis, and two officers: Virginia Hicks, our first vice president, and Doug Olson, chairperson of our Reinvention Task Force, along with several other members and friends.

I appreciate the opportunity to testify before your committee on such short notice. I ask that my written statement be entered into the record of today's hearing.

Mr. SAWYER. Without objection.

Ms. JORDAN. Thank you.

I am here today to present our union's concerns about the Bureau's reorganization. Although the day is late, approval has been given. We believe the reorganization should be abandoned.

Our objections to the reorganization are both structural and procedural as both the proposal itself and the method by which it was developed violate the principles of the National Performance Review and Executive Order 12781.

The National Performance Review calls for flattening organizational structures, yet the Bureau's proposal calls for an additional layer of management at the top level of the Bureau. Two Principal Associate Directors have been added between the Associate Directors and the Director. The plan calls for the creation of a new Associate Director for Planning and Development, and raises the comptroller to the level of an associate director.

These changes are probably a response to the immediate concerns about the financial mismanagement. This is another example of the Bureau acting in crisis mode, making changes based on immediate needs and not long-term vision.

There is also a question of whether the associate directorate for planning and development is to be used for the strategic planning in lieu of working with the partnership within the union.

But aside from this, the structure of the proposal itself, we object to the way the plan was developed, which included almost no substantive union involvement. Under the Executive Order 12781, requiring agencies to form labor-management partnerships, the union should be involved in the formulation of the reorganization. Union involvement was scanty. Because the Bureau—in fact, the entire Commerce Department—has developed almost no substantive partnership efforts.

Admittedly, our agency has been handicapped by the lack of a politically appointed permanent director. Current Bureau management consists solely of career managers who have predictably created an organization structured to further their own interests. Although the reorganization gives the appearance of being a done deal, we suggest that the plan be abandoned until a permanent director is in place, a partnership has been formed, and restructuring can be clearly seen to be consistent with the goals of the current administration, the National Performance Review, and the dedicated employees of the U.S. Census Bureau.

Mr. Chairman, we need your help.

This concludes the statement today from the American Federation of Government Employees, Local 2782, AFL-CIO.

[The prepared statement of Ms. Jordan follows:]

PREPARED STATEMENT OF EVELYN JORDAN, PRESIDENT, AFGE LOCAL 2782, BUREAU OF THE CENSUS

#### INTRODUCTION

Good afternoon, Representative Sawyer and other distinguished committee members. My name is Evelyn Jordan. I am President of American Federation of Government Employees (AFGE) Local 2782, at the Bureau of the Census. I enjoyed meeting you during your visit to the Census Bureau, and I appreciate the opportunity on short notice to testify before your subcommittee.

#### REORGANIZATION

I am here today to discuss why the Bureau's proposed reorganization should be canceled. It is scheduled to be implemented on June 26. Except for providing some initial input, which was highly regarded by Bureau employees, the Union has not been consulted about it. The Result is a reorganization that in some ways goes against the principles formulated by the National Performance Review (NPR). For example, it adds a new layer of management (Principal Associate Directors) rather than reducing layers of management.

We are concerned about the wisdom of several changes made in this reorganization. New Associate Director positions are being formed, divisions are being lumped together without a clear rationale or apparent concern for dealing with customers, and the planning on which this reorganization is based seems to deal with only short term concerns rather than any long term vision.

Some specific examples of aspects of the reorganization which concern the Union include:

- (1) merging the functions dealing with the creation of financial statistics into the Agriculture Division;
- (2) merging the Economic Statistical Methods Division with the Economic Programming Division;
- (3) destroying the International Statistical Programs Center while theoretically parcelling off some of its functions to other divisions like Personnel;
- (4) forming a new Associate Directorate for Planning and Organization Development;
- (5) elevating the Comptroller to the level of an Associate Director;
- (6) merging the Construction Statistics Division with the Industry Division;
- (7) placing the Center for international Research within the Population Division;
- (8) placing the Center for Survey Methods Research within the Statistical Research Division; and

(9) merging the Center for Economic Studies into the Economic Planning and Coordination Division.

Before this reorganization was approved and before it is to be implemented, people have been selected for the new positions. There seems to be a rush to judgment without adequate consultation of all relevant parties, including both the Clinton Administration and this Local.

This reorganization should be scrapped. The Union and Bureau management should work together in partnership—preferably with a Director and Under Secretary in place—to produce an organizational structure that more closely adheres to the principles of the NPR. While we await political leadership, career Bureau managers are placing themselves in key management positions in an organizational structure of their own making.

#### THE LACK OF PARTNERSHIP

If a well functioning partnership were present at the Bureau, I would not need to be here today. The Bureau has been telling people like yourself that the Union has been consulted properly regarding this reorganization and that the Union approved it. This is not so. Were it not for our concerns about the Bureau's receiving an adequate budget and our attempts to achieve a true partnership per Executive Order 12871, we would have been talking to you and your staff well before this time.

Our members appreciate the Clinton Administration's efforts to create partnerships between federal government agencies and federal labor unions. Yet despite the assistance of AFGE National President John Sturdivant, AFGE General Counsel Mark Roth, AFGE 14th District National Vice President David Schlein, and now Federal Mediation and Conciliation Service Commissioner Lynn Sylvester, we have failed to even start a partnership at the Census Bureau, let alone achieve it.

Our concern is that partnership here will fail. The Census Bureau is too important as a statistical agency, producing data vital for policy formation, for that to happen. Through partnership, the Bureau would be better run and morale greatly improved.

Having a Director would help. We have been without a Director for almost 17 months. We are also without an official Under Secretary of Commerce. We believe this political leadership is needed to encourage the creation of our partnership that can help properly plan and conduct the year 2000 Census and our other crucial work. Currently, Bureau management operates in a crisis management mode.

Partnership at the Census Bureau is slow to form because partnership at the entire Commerce Department has not developed. AFGE and I are part of the effort to form that partnership as well. Unlike the Labor Department, which under Secretary Robert Reich has a working partnership with AFGE, the Commerce Department and Census Bureau seem to hope that partnership and reinvention will just fade away. We cannot let this happen.

Please examine the partnership efforts at the Census Bureau and in the Commerce Department. If partnership and reinvention are to work, then places like Commerce and Census must be brought on board.

We know that this can be done. Recently, Vice President Gore gave two Hammer Awards to the Commerce Department for breaking old ways and using new concepts to make government work better and cost less. One went to the Census Bureau for the efforts of the Computer-Assisted Survey Information Collection (CASIC) Team, which is an NPR Reinvention Laboratory. Change is possible.

Unfortunately, change does not yet mean Union involvement. Bureau management has shut our Union out of this CASIC process. Management continues to patronize us. Only now has the Union even been allowed to have a liaison to this important project, which is attempting to maximize the use of automation and telecommunications to integrate data collection, capture, and processing. Leaving the Union out violates all the principles of partnership and thereby reinvention.

#### CONCLUDING REMARKS

We understand that because of our hesitancy to speak publicly, the reorganization may already be a "done deal." However, we feel we must ask you to stop its implementation until such time as the Union and the Bureau are in true full partnership and a Director and Under Secretary have been appointed and confirmed.

Help us break the "old ways" of management. Please do not reward top-down management efforts that ignore our Union and the principles of the NPR. What may be a worthy effort becomes unworthy when it avoids these principles. We are working hard to change the Bureau's work culture, but we need your help.

Mr. SAWYER. Thank you very much.

I want to note for the record that your written statement is considerably longer and more detailed, and it, too, will be a full part of this record.

Let me also mention that you will get no disagreement from me with respect to the importance of policy leadership at the top of the Bureau. We think it is important. And I am hopeful that the message that you have delivered here today will be heard and acted upon.

I have to tell you that I was impressed when I came out to the Bureau for the small area data meeting, that your involvement was clear and that your presence was something that both you and management of the Bureau took care and pains to emphasize.

I am hoping that that will evidence itself throughout the entire planning process.

My hope is that this is not something that is ended with the proposals that are on the table now, but rather only begun. It is one of the reasons that I took pains to emphasize the difference between what I think of as reform, which has a conclusion, and the kind of evolutionary process that grows almost organically over time. That is the kind of arena in which real partnership has an opportunity to flourish if it is appropriately nurtured.

Thank you very much for your testimony.

Ms. JORDAN. Thank you, Mr. Chairman.

Mr. SAWYER. If there is no further business to come before the subcommittee, we stand adjourned.

[Whereupon, at 2:40 p.m., the subcommittee was adjourned.]



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